

## A Conciliatory Assad Signals U.S. Détente Syrian Welcomes Lifting of Sanctions

By Jim Hoagland  
and Patrick E. Tyler  
Washington Post Service

DAMASCUS — President Hafez al-Assad has put an end to a year of open diplomatic conflict with the United States by welcoming recent U.S. decisions to lift most of the sanctions imposed against Syria in a dispute over terrorism.

In a two-hour interview Saturday at the presidential palace, Mr. Assad adopted an unusually conciliatory tone in his remarks to U.S. officials. He indicated that important differences remain, principally over U.S. support for Israel.

Mr. Assad also confirmed that he had met secretly in April with his most bitter foe in the Arab world, President Saddam Hussein of Iraq. He disclosed that no progress had been made in ending their decade-old conflict, noting, "We each had our own view on Arab and international matters. We remained where we were."

Emphasizing that he had no intention of reducing Syria's political support for Iran in its war against Iraq, as has been frequently rumored, Mr. Assad asserted that Syria's refusal to break with Iran "has played a major role in preventing the expansion of the war" to other Arab states.

Mr. Assad, 56, appeared to have substantially recovered from a series of health problems that had weakened him in recent years. He was far more animated in conversation and more physically relaxed than he was during a similar interview 16 months ago, when he voiced fears that the United States

was considering a military attack on Syria.

Mr. Assad made these other points in Saturday's interview:

• Syria continues to seek strategic military parity with Israel despite a lull in military tensions between the two countries and indications by the Soviet Union, Syria's main military supplier, that it is seeking to reduce friction with Israel.

• "It is difficult to see that Israel would respond to the need for a just peace while it is feeling superior," Mr. Assad argued, adding, "Those who want peace to prevail, whether in the East or the West, should view our sayings and our direction as a fair saying and direction, and a necessity."

• Syria will continue efforts to help free more of the foreign hostages held in Lebanon. "We approach the subject of the hostages as a human issue," he said. "We understand their suffering."

But he could offer no specific indication that any new releases could be expected soon.

• He confirmed that Syria had closed the Damascus office of the Palestinian guerrilla group led by Abu Nidal, which has been implicated in the slaughter of civilians at the Rome, Vienna and Karachi airports.

But he strongly rejected any implication that he closed the office to restore normal relations with the United States.

"It is wrong to portray the action taken with the presence of the Abu Nidal group as if it was taken under the influence of a foreign power, because the actions taken were for reasons belonging to us in Syria," he said.

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Pope John Paul II greeting Canadian Indians on Sunday at Fort Simpson, Northwest Territories.

## Pope, in Canada, Supports Indian Rights

The Associated Press

FORT SIMPSON, Northwest Territories — Pope John Paul II kept a promise Sunday by visiting this subarctic outpost, where he spoke in support of native rights and warned Indians not to let "instability" undermine their society.

The pope went to Canada at the end of a 10-day tour of the United States, which he closed with a strong appeal against abortion.

At Fort Simpson, a steady drizzle fell as the pope's plane arrived from Edmonton, Alberta. He was driven to a settlement on the banks of the Mackenzie River where an estimated 4,000 Indians wearing plastic raincoats huddled in front of a 55-foot tape.

Before the pope's arrival, the ceremonies began with the lighting of a sacred fire accompanied by traditional drumming, the burning of sweet grass and the passing of the sacred pipe.

John Paul II scheduled a stop at the settlement during a Canadian tour in September 1984, but could not land because of thick fog. Thousands of Indians, whose ancestors were introduced to Roman Catholicism by French missionaries, were bitterly disappointed, despite a statement the pope issued in support of native rights.

John Paul promised to return, and military radar was installed to prevent a recurrence of the fog problem.

In a 20-minute address delivered before Mass, the pope reaffirmed the church's support for native rights and prayed for a "just agreement" with the Canadian government on protection for those rights in the Constitution.

"I pray that the Holy Spirit will help you all to find the just way so that Canada may be a model for the world in upholding the dignity of the aboriginal peoples," he said.

■ **Anti-Abortion Speech**

Earlier, Roberto Suro of The New York Times reported from Detroit: In his last speech in the United States, the pope sternly condemned

on Saturday the practice of abortion, arguing that the nation must defend all human life if it wants to enjoy justice and freedom.

The "ultimate test" of the country's greatness is "to respect every human person, especially the weakest and most defenseless ones, those as yet unborn," he said at a farewell ceremony with Vice President George Bush at Detroit Metro Airport.

After having delivered 47 ad-

resses in 9 cities, John Paul saved some of his strongest words for his last moments on U.S. soil. After extolling the nation, from its "majestic mountains" to its "quest for excellence," he turned to the issue of abortion.

"If you want equal justice for all, and true freedom and lasting peace, then, America, defend life," he said.

This obligation, he said, involves tasks as varied as welcoming refu-

gees, securing the rights of minorities and pursuing disarmament. But, he added, "all this will succeed only if respect for life and its protection by law is granted to every human being from conception until natural death."

The pope has restated the church's position on abortion several times on his 10-day tour, but this was the first time he made it the major theme of a speech. He

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## Leftist Leader Is Slain in Philippines; Rebels Vow to 'Respond Accordingly'

Compiled by Our Staff From Dispatches

MANILA — Communist insurgents condemned on Sunday the killing of a prominent leftist, vowing to "respond accordingly."

Gunmen firing from a van killed Leandro Alejandro, 27, on Saturday, two days before leftist groups were to stage nationwide rallies against "rising fascism" in the Philippines.

Mr. Alejandro was shot as he returned to his office from a news conference where he had announced plans for the demonstrations Monday against the government.

He was the secretary-general of Bayan, an umbrella organization whose members include most of the nation's leftist protest groups. "Bayan" means "country."

Officials said Mr. Alejandro was shot repeatedly in the head. He was pronounced dead at a hospital. His driver was critically wounded. It was not clear who was responsible.

The killing came at a time of tension in the Philippines, as the government is still seeking solid footing after the coup attempt three weeks ago and the military is expecting smaller-scale attempts at destabilization.

An armed forces spokesman, Colonel Honesto Isleta, said extra soldiers were deployed around Manila after the shooting.

"I appeal to our countrymen not to panic," he said. "I can foresee protests by this group, or that they may be acts of revenge. I hope they do not take the law into their own hands."

The spokesman for President Corason C. Aquino, Teodoro Benigno, called the killing a "very tragic travesty of law and order." He said it was especially regrettable "at a time when President Aquino is calling on everyone to join hands and enable the country to reach the higher ground of democracy and the rule of law."

Hundreds of supporters turned out at the University of the Philippines chapel Sunday for a memorial service for Mr. Alejandro, who was the school's student council chairman in 1983.

Arnold Sandoval, a spokesman for the Communists, said Sunday that the killing "signals the escalation of violence against the people" as a result of the military's losses "in its war against the revolutionary forces."

In a statement, Mr. Sandoval accused "ultra-rightist elements" of



Leandro Alejandro giving a news conference shortly before being assassinated.

the killing. He said Mrs. Aquino's government, however, "cannot escape the blame" because of its "in-

See MANILA, Page 4

## Nunn, Carlucci See Even Chance For More Cuts

Compiled by Our Staff From Dispatches

WASHINGTON — Senator Sam Nunn and Frank C. Carlucci, President Ronald Reagan's national security adviser, said Sunday that there was an even chance the United States and the Soviet Union would agree to reduce long-range strategic nuclear weapons before Mr. Reagan leaves office in 1989.

"I think there's a 50-50 chance," Mr. Nunn, the chairman of the Senate Armed Services Committee, said in a "Meet the Press" television interview.

"Getting it ratified during that time frame is an entirely different question," added Mr. Nunn, a Democrat from Georgia. He did not elaborate.

Mr. Carlucci, on the same program, said he shared Mr. Nunn's view on the chances of an agreement on strategic arms.

"It's going to require a lot of work," he said. He said that some progress had been made on strategic missiles during three days of talks last week between Secretary of State George F. Shultz and the Soviet foreign minister, Eduard A. Shevardnadze.

"We agreed to intensify the effort," he said.

The talks last week resulted in agreement in principle to sign a treaty abolishing intermediate-range nuclear forces, or INF. The missiles have a range of 600 to 3,000 miles (1,000 to 5,000 kilometers).

Representative Les Aspin, Democrat of Wisconsin and chairman of the House Armed Services Committee, said the INF agreement represented "a small step in the wrong direction."

"Basically it's a small step in the direction of taking out nuclear weapons in Europe while leaving the conventional balance which heavily favors the Soviet Union, leaving all that in place," he said on another television interview program, "This Week With David Brinkley."

"There are plenty of other nuclear weapons available to still do the job," he said, but "in order to make any sense out of this thing you really have to have a strategic agreement very quickly."

Mr. Shultz, also appearing on the Brinkley program, would say only that "maybe" a strategic arms agreement would be reached.

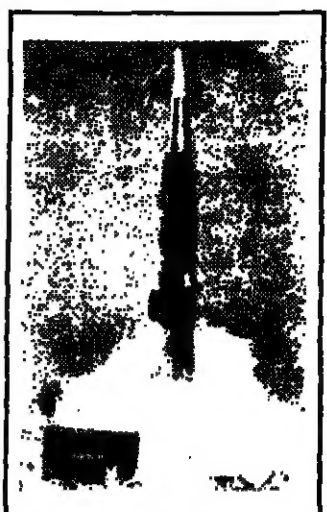
Mr. Shultz also said that Europe was safer because of the INF agreement.

"There are weapons systems in place committed to NATO, under the NATO command, both short-range and also weapons on ships, dual-capable aircraft," Mr. Shultz said. "Those are all there, but that's not part of the INF agreement."

Mr. Aspin said the purpose for deploying U.S. Pershing-2 and ground-launched cruise missiles in Western Europe was to show the European allies "that somehow we would not abandon them in a crisis."

"And by removing those nuclear weapons," he added, "we're back to where we were in 1977" when European leaders wondered whether

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RELATED ARTICLES

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■ The Kremlin said it will ease restraints on Jewish emigration and on dissidents. Page 4.  
■ The critical issue of long-range arms is next on the U.S.-Soviet agenda. Page 2.

## Taiwan Ban On Travel to China to End

By Daniel Southerland  
Washington Post Service

TAIPEI — In a dramatic move toward liberalization, Taiwan has decided to lift a 38-year-old ban against travel to China, according to senior officials in the capital.

Nationalist officials said the only people who would not be allowed to visit China for family reunions would be soldiers on active duty and government officials.

The officials insisted that the main purpose would be humanitarian, to allow hundreds of thousands of Chinese who fled to Taiwan after the Communist victory on the mainland in 1949 to visit their old homes and relatives.

But they also said the lifting of the travel ban, which is expected to be formally announced in the next few days, would have the side effect of putting Taipei on the political offensive against Beijing for the first time in decades.

"For so long they've been trying to push us around," said Shaw Yung-min, director of Taiwan's government information office. "We now want to call the shots. We're going to show that we don't fear them anymore."

"If we allow our people to go to the mainland," he said, "they can bring tidings of democracy and freedom to the mainland. But I want to emphasize that the fundamental reason for this decision is humanitarian."

Taiwan has asked the Interna-

See TAIWAN, Page 4

### Kiosk

#### An NFL Strike Seems Certain

NEW YORK (UPI) — A National Football League players' strike appeared to be virtually certain Sunday, with the opposing sides far from the bargaining table.

Despite an outward sign of normalcy with a full schedule of NFL games, a strike deadline remained fixed for Tuesday, and there seemed little possibility of an agreement before then. (Sunday NFL results, Page 15, and related story, Page 14.)



Prime Minister Branko Mikulic said Yugoslavia would seek a three-year moratorium on repaying its foreign debt. Page 9.

### GENERAL NEWS

■ The referendum in New Caledonia "settled nothing," a French analyst says. Page 7.

■ The comras in a gesture of support for the Latin peace accord, freed 80 prisoners. Page 5.

### BUSINESS/FINANCE

■ A plan for Iran to export crude oil across Soviet territory faces serious obstacles, an oil journal said. Page 9.

## Arab League Sets Meeting On Gulf War

Compiled by Our Staff From Dispatches

TUNIS — Arab League foreign ministers agreed Sunday to call a summit meeting of Arab leaders in Amman in November to discuss the Gulf war, ministers attending a private meeting here said.

The ministers, at the second round of an Arab League Minis-

ter Council session, voted unanimously in favor of the summit meeting, according to sources connected with the session. Of the Arab League's 21 members, 17 foreign ministers were present.

The session was called to examine the situation in the Gulf.

Jordan proposed hosting the summit meeting but an exact date was not set, according to the sources, who spoke on condition that they not be named.

Foreign Minister Farouk al-Shara of Syria told reporters that his country hoped a summit meeting would not be limited solely to the Gulf situation but would include "all Arab problems of the moment."

In the Gulf Sunday, an Iranian gunboat sprayed a Saudi tanker with machine-gun fire, in Tehran's first retaliation against the resumption of Iraqi air attacks on ships serving Iran.

Gulf shipping sources said the gunboat fired at the Petroship B near the Strait of Hormuz, hitting crew quarters but causing no casualties and only minor damage.

Iraqi jets attacked the Azafah pumping station near Tehran on Saturday. On Friday, they hit the Lavan oil terminal, some 500 miles (800 kilometers) from Iraq's southern border. (AP, Reuters, UPI)

## The Yen, Say New Believers, May Just Keep Getting Stronger

By Nicholas D. Kristof  
New York Times Service

TOKYO — With Japanese companies having adapted effectively to the yen's huge appreciation against the dollar, the yen is likely to gain even more strength over the next year or so, many analysts here say.

Until recently many economists and executives here argued that the yen had advanced too far, and that it would retreat modestly to about 170 or 180 to the dollar.

But sentiment seems to be growing that the yen's strength is not exhausted. Some

experts expect the yen to be fairly stable at current levels, but others foresee it appreciating over the next few years to the level of 100 to the dollar.

Already the yen has risen about 85 percent since its trough of 263.65 on Feb. 13, 1985. The yen ended trading Friday in New York at 142.55 to the dollar.

"The consensus has changed dramatically," said Hiroyuki Kashi, an economics professor at Asia University in Tokyo.

"People think the yen is strong to stay,"

said Robert T. Hinchner of International Investment Consultants Ltd. in Tokyo.

Accurate predictions about exchange rates are extremely difficult to make. When the dollar was at its zenith in early 1985, many people predicted that it would soon be worth more than a British pound. But after peaking at just over \$1.09 to the pound, the dollar began to plummet, and on Friday one pound cost \$1.65.

Whether or not today's forecasts are correct, they reflect a change in what is considered possible. To many economists, the yen's

outer limit has faded further in the distance, whether or not the yen ever goes that far.

"It's certainly possible" that the exchange rate will reach 100 yen to the dollar in a few years, said Peter J. Morgan, chief economist in Tokyo of Barclays de Zoete Wedd, the investment bank.

A major reason some economists expect the yen to rise further, or at least not to decline significantly, is the efficiency of Japanese companies in adjusting to the yen's

See YEN, Page 11

## Flight of the Concorde: From Pariah to a Prototype of Planes to Come

By Barry James  
International Herald Tribune

TOULOUSE, France — The Concorde jet, dismissed until recently as a technological dodo, is starting to look like the herald of a brighter future for supersonic air travel.

The Concorde is proving to be a modest commercial success for the two airlines that operate it. And, in the nondescript office block at the Toulouse airport where the original Concorde project took shape in collaboration with British designers, a successor generation of faster-than-sound aircraft is seen as a possibility for the 21st century.

In the United States, the "Orient Express" program to develop a "national aerospace plane" to link America and Asia at hypersonic speed is under way with strong presidential backing.

In Toulouse, Aerospatiale, the state-owned company that built the

Concorde with British Aerospace, has drawn up plans for a bigger super-Concorde, and it is carrying out research on a much faster "Avion à Grande Vitesse," or AGV, that could in theory be in service in the first quarter of the next century.

The Concorde was an idea that may have come before its time.

British Aerospace is also working on plans for a hypersonic reusable space vehicle, code-named Hotel, that could be developed into a passenger aircraft.

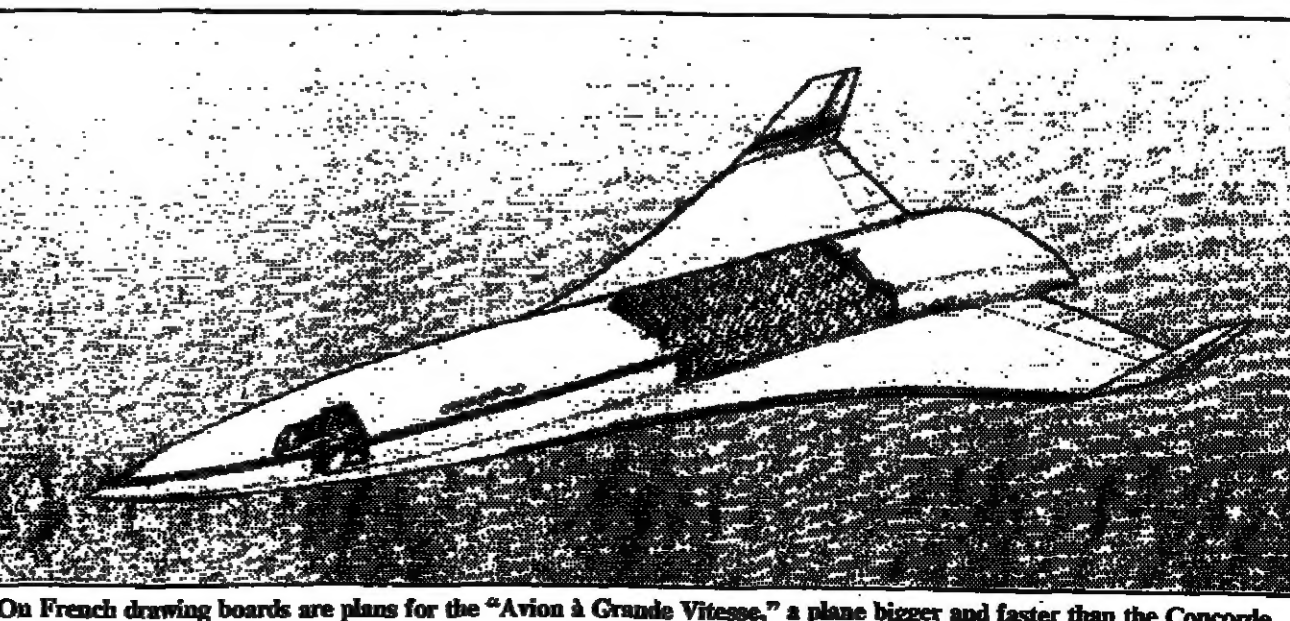
Aerospatiale engineers say the sleek 100-passenger Concorde, which can fly at 1,350 miles an

hour, more than twice the speed of sound, was an idea that may have come before its time. "You have to remember it was designed around the time of the Boeing 707," said Jean Marquize-Pouey, the head of Aerospatiale's advanced research department.

Although, if built today, its take-off weight could be reduced by a third, to 120 tons, and its powerful engine roar muted to meet subsonic noise regulations, the original Concorde — designed in 1962 and in service since January 1976 — "is still a very modern aircraft," Mr. Marquize-Pouey said.

Looking 10 years ahead — the time needed to develop new variable cycle engines — it would be possible to build a longer-range and quieter second-generation Concorde that would carry twice as many passengers as the existing version, Mr. Marquize-Pouey said.

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On French drawing boards are plans for the "Avion à Grande Vitesse," a plane bigger and faster than the Concorde.

## They Don't All Flaunt It, but They've Got It

The Associated Press

NEW YORK — What do a sultan, two queens, a potato processor and a college dropout have in common?

Billions, according to Fortune magazine. They and 127 other people control the world's billion-dollar family fortunes — 98 of them.

Heading the list are Sultan Hassanali Bolkiah of Brunei, 41, who is worth \$25 billion, and King Fahd of Saudi Arabia, 67, worth \$20 billion. Fortune reported in its latest issue.

The youngest billionaire listed was William Gates, 31, of Seattle, Washington, founder of the Microsoft computer software company. A Harvard dropout, he was said by Fortune to be worth \$1.2 billion.

There are three members of the Mars family, famous for their candy bars; two Rockefeller; August Anheuser Busch Jr. and Alfred Henry Heineken, both beer brewers; three Marriotts, of the hotels; and Estée Lauder, 79, the queen of cosmetics. And there are two real queens — Elizabeth II, 61, of Britain, with an estimated \$7.4 billion, and Beatrix, 49, of the Netherlands, with \$4.4 billion.

John Richard Simplot, 78, heads the world's largest potato growing and processing outfit, J.R. Simplot Co. of Boise, Idaho. Fortune said it put his worth at \$1 billion.



## Crucial Issue of Strategic Arms Is Next on U.S.-Soviet Agenda

By Michael R. Gordon  
New York Times Service

WASHINGTON — Following the U.S.-Soviet agreement to reach a treaty banning medium-range and shorter-range missiles, administration experts say attention is returning to the more critical goal of achieving a reduction in long-range nuclear arms.

President Ronald Reagan has said repeatedly that sharp reductions in the long-range armaments is a top priority.

And Secretary of State George P. Shultz said Friday that while an accord on medium-range and shorter-range arms had recently absorbed the energy of the administration, long-range arms and the related issue of limiting anti-missile defense systems would now get "intensified effort."

Mikhail S. Gorbachev, the Soviet leader, underscored the importance of cutting long-range arms in a letter to Mr. Reagan last week. American officials said.

But both sides face tough decisions in negotiations on how to reduce such weapons, which have a range of more than 3,400 miles (5,500 kilometers). These weapons, which include intercontinental ballistic missiles, are central to each side's nuclear strategy.

Administration experts are divided about the chances of making important progress in this area.

"It is going to be very tough to get from here to there," said Kenneth L. Adelman, the director of the U.S. Arms Control and Disarmament Agency. "When we look at all the problems we have had to resolve over INF, which does not go to the heart of the security concerns of either side, you realize the problems ahead for us in strategic arms are daunting."

INF refers to the intermediate-range and shorter-range weapons that would be eliminated under the proposed agreement announced

Friday and expected to be signed at a summit meeting later this year. Those missiles have a range of 600 to 3,000 miles.

The United States has a total of about 11,700 long-range ballistic missile warheads and weapons that can be delivered to their target by bombers, while the Soviet Union has about 11,000.

The United States would have to eliminate 348 single-warhead missiles under the proposed agreement

**'It is going to be very tough to get from here to there.'**

— Kenneth L. Adelman,  
U.S. negotiator

on medium-range and shorter-range missiles. The Soviet Union would eliminate medium-range missiles carrying 1,435 warheads and would do away with launchers for about 130 single-warhead shorter-range missiles.

An analysis by the Natural Resources Defense Council says the number of long-range weapons deployed during the Reagan administration exceeds the medium-range weapons that would be eliminated.

The study says the United States has added 1,800 ballistic missiles and long-range weapons carried by bombers since Mr. Reagan came to office in 1981. The report said the Soviet Union had added more than 2,700 such weapons in the same period.

The key question is whether the apparent success in negotiations on other missiles will lead impetus to the talks on strategic arms.

Some American officials have argued that the proposed agreement

vindicates the administration's tough negotiating approach, which will yield results in the talks on longer-range arms.

They also say that the Russians might want to nail down the key provisions of any agreement on long-range arms and anti-missile systems before Mr. Reagan leaves office and Moscow faces the uncertainty of dealing with a new administration.

But other senior officials believe that the lessons from the negotiations on medium-range and shorter-range missiles will not be easily applied to the talks on long-range arms.

These officials assert that the proposed agreement mainly shows that Moscow has decided that eliminating American missiles from Europe is such a desirable goal that it is worth giving up more weapons than the United States.

And the officials add that the weapons that Moscow would give up are not central to its nuclear strategy, as are long-range missiles.

By their reasoning, Moscow could decide to wait and deal with a new American administration that might be more sympathetic to Soviet concerns about how to reduce long-range arms and the need to interpret the 1972 anti-ballistic missile treaty in a strict fashion, which Moscow has made a condition for reducing long-range arms.

The 1972 treaty restricts the development and testing of anti-ballistic missile systems. Moscow insists that the treaty puts strict limits on the administration's proposed system for a space-based missile defense, known as the Strategic Defense Initiative.

By all accounts, the remaining issues on long-range arms are fundamental. A key problem for an agreement on long-range weapons is an American demand that the Russians restructure their arsenal of land-based missiles, which the



**JOINT MANEUVERS IN EUROPE** — The Portuguese crew of an armored personnel carrier preparing for action during an exercise by allied forces in Southern Europe being conducted near Cellina Meduna in Northern Italy.

United States regards as the most threatening weapons.

The Russians have taken some steps to address such American concerns but not nearly enough for the Reagan administration. At the same time, the administration has refused to yield on some of its demands that the Russians deem unacceptable. One is a proposed ban on mobile missiles.

Last week, for example, the Russians proposed a formula that would have the effect of reducing

to 3,600 the number of warheads mounted on Soviet land-based missiles. This would be done indirectly by specifying that each leg of the strategic triad — land-based missiles, bombers and submarine-launched missiles — should not make up more than 60 percent of each side's arsenal.

Administration officials say this is a step in the right direction but stress that the 60 percent formula would compel unacceptable reductions in the American force of submarine-launched missiles.

## The Kremlin's New Flexibility

Apparent Shift in Stance on SDI Is Prime Example

By Gary Lee

Washington Post Service  
MOSCOW — The new flexibility shown by the Kremlin that led to the first U.S.-Soviet arms control agreement in nearly a decade appears to reflect Mikhail S. Gorbachev's confidence in his grip on power and his desire to achieve major arms accords with President Ronald Reagan rather than wait to deal with a new American president.

Soviet arms specialists and Western diplomats in Moscow also discerned a clear Soviet shift away from the single-minded objective of holding back President Reagan's Strategic Defense Initiative and toward broader, more tangible disarmament goals as the main factor clearing the way for a breakthrough.

The policy changes marked a turnaround from Moscow's position in arms negotiations with the United States a year ago, when the Reykjavik summit meeting broke down over a dispute about SDI. Mr. Gorbachev complained that it would be a "scandal" to hold a summit meeting in the United States while Mr. Reagan was barring ahead with plans to build a space defense shield against nuclear weapons.

Western diplomats said the Kremlin concessions that clinched agreement in principle to scrap medium-range and shorter-range nuclear missiles demonstrated an urgent need for Mr. Gorbachev to produce some tangible achievements in his high-profile disarmament policy.

The arms accord and forthcoming summit meeting with Mr. Reagan should boost Mr. Gorbachev's stature with Soviet citizens, who are still waiting to see improvements in their lives from a series of economic changes, as well as with the foreign leaders who will be visiting Moscow soon to observe celebrations of the Soviet Union's 70th anniversary.

The Kremlin's new, more flexible stance also seems linked to a shake-up of senior military leaders last spring, in the view of some Western military experts in Moscow.

The shake-up, prompted in part by a West German civilian pilot's landing of a small plane at Red Square in May, allowed Mr. Gorbachev to begin replacing an older generation of Defense Ministry officials with younger officers more supportive of his long-term disarmament goals.

Before those personnel shifts, Moscow had resisted some concessions that U.S. officials said would help prove the Kremlin's interest in disarmament, such as including all Soviet Asian-based nuclear warheads in the treaty.

Since the shake-up, Moscow has dropped its objection to eliminating the warheads in Asia and to other obstacles blocking progress in the arms talks.

By far the biggest change is the virtual disappearance of the Soviet campaign against the Strategic Defense Initiative.

Before the Geneva summit meeting two years ago, Moscow argued that SDI was the single greatest obstacle to U.S.-Soviet arms control agreements.

In his first meeting with Mr. Reagan, Mr. Gorbachev said the American president's intractable commitment to the space system contradicted his expressed interest in arms control and clouded the chances for agreements. The only prospect was for a treaty to cut back on intermediate-range missiles on both sides.

A campaign of attacks against SDI ensued, climaxing at Reykjavik last year when Mr. Gorbachev made even that treaty hostage to restrictions on "Star Wars" by insisting that the two be negotiated together.

Soviet officials have made few public attacks against SDI in recent weeks, however. In an article Thursday in Pravda on the Soviet Union's disarmament objectives, Mr. Gorbachev's only reference to strategic defense was indirect and guarded. He said that an agreement to strategic defense would be linked to "strict observance" of the 1972 anti-ballistic missile treaty, viewed as the mechanism for limiting space research on both sides.

The reason for the shift, some Soviet arms control experts explained, is that the campaign against SDI became more an impediment than a catalyst to arms control.

"We just got fed up with concentrating on it," one Soviet official said, "and decided to spread out our interests to other areas where progress looked more possible. If progress is achieved in other areas, it will eventually be achieved in the area of space defense, too."

Stiff opposition to SDI research remains, however, particularly because of the fear that it will lead to the development of the kind of advanced military hardware that Moscow would be at pains to match. During the talks in Washington, Soviet officials raised a few new proposals for placing limits on the research.

The Washington talks also appear to mark the end of a long-

NEWS ANALYSIS

standing Soviet taboo against seeking a wide range of other arms agreements with Mr. Reagan.

The policy now is to broach as wide a range of strategic agreements as possible. Soviet officials have explained, on the principle that achieving agreements under a new president in the post-Reagan period may prove even more difficult.

## WORLD BRIEFS

### Solidarity Faction Challenges Walesa

CZESTOCHOWA, Poland (UPI) — A militant faction of the banned Solidarity trade union revolved Sunday against the leadership of Lech Walesa and called for a meeting to outline a new plan of action against the Polish authorities.

The group, led by Andrzej Slowik, also officially protested the ban on the union. The protest was registered with the Constitutional Tribunal, a state body that decides controversial legal issues.

The faction collected signatures of members of the former Solidarity National Commission, a ruling body with 100 members, before the union was outlawed in 1981. The petition called on Mr. Walesa to meet with them. He has not met with the group since Solidarity was banned, and some union activists say he runs the union like a dictator. Mr. Walesa recently said he did not need to meet with the commission because "they will yell at each other and will achieve nothing."

### U.K. Coal Miners Set Overtime Ban

LONDON (Reuters) — The National Union of Mineworkers, in its first challenge to the government of Prime Minister Margaret Thatcher since ending a yearlong strike in March 1985, was to start refusing to work overtime beginning on Monday. The state-run company British Coal called the move "suicidal."

The overtime ban, to protest a decision by British Coal to change a 40-year-old disciplinary code, follows the collapse of talks between British Coal and the union. The company wants to introduce tribunals to replace so-called pit-umpires, traditionally former union officials.

"The long-term effect of an overtime ban on development work will be suicidal," Albert Tuke, British Coal's director for North Yorkshire, told the miners Saturday.

### India Demands Tamils Give Up Arms

NEW DELHI (AFP) — India accused Sri Lanka's main Tamil militant group Sunday of massacring more than 100 Tamils, and demanded that the group, the Liberation Tigers of Tamil Eelam, surrender its remaining weapons.

G. Parthasarathy, joint secretary in the External Affairs Ministry, said the Tigers had "brutally" killed innocent civilians and rival guerrillas and had instigated Tamils to attack Moslems in eastern Sri Lanka.

The strongly worded statement, the first by India against the Tigers, followed continuing fighting among Tamil groups in the country's northern and eastern regions after India and Sri Lanka signed a peace agreement July 29 in an attempt to end a four-year guerrilla war by Tamil separatist groups.

### Henry Ford 2d Ill With Pneumonia

DETROIT (AP) — Henry Ford 2d, the former president and board chairman of Ford Motor Co., remained hospitalized with pneumonia and was listed in serious but stable condition over the weekend.

Brian Cheatham, a spokesman at Henry Ford Hospital, said on Saturday that the 70-year-old grandson of the founder of Ford Motor was suffering from pneumonia.

Mr. Ford, who was president of the company from 1945 to 1960 and board chairman from 1960 to 1985, received the Roman Catholic Church's sacrament of the sick, formerly called the last rites, on Friday. Mr. Ford remains on the auto company board of directors.

### For the Record

The wife of Ayatollah Ruhollah Khomeini, the Iranian leader, was among those injured in riots in Mecca, in which at least 400 people were killed in July, the Observer newspaper reported Sunday in London. The report said that Batool Khomeini, 62, was only slightly injured. (AP)

Two sailors on a Yugoslav ship were killed Sunday when their vessel and a Norwegian cargo ship collided in thick fog off the coast of Brittany, French coast guards reported. (Reuters)

Vice President George Bush will officially announce his candidacy for the Republican presidential nomination Oct. 12 in Houston, Texas, a spokesman for his campaign said Saturday. (UPI)

Interior Minister Charles Pasqua of France said Sunday that the government was considering banning the works of historians who questioned the killing of Jews by the Nazis. Jean-Marie Le Pen, a rightist politician, recently termed the Holocaust a "minor detail." (Reuters)

## TRAVEL UPDATE

### U.K. Considers Raising Speed Limit

LONDON (IHT) — Britain may consider raising the highway speed limit from 70 miles to 80 miles an hour (from 110 to 130 kilometers) if police and motoring organizations can prove that it will be enforced. The Sunday Telegraph reported.

Cabinet officials have so far rejected the proposal, but there have been hints that the Transport Ministry would support the higher limit if it was accompanied by the installation of cameras to monitor highway driving and other controls to help enforce the speed limit.

### This Week's Holidays

Banking hours and government services will be closed or curtailed in the following countries and their dependencies this week because of national and religious holidays:

MONDAY: Belize, Switzerland (Neuchâtel and Vaud areas).  
TUESDAY: Mali.  
WEDNESDAY: Japan, Saudi Arabia.  
THURSDAY: Australia (Melbourne area), Dominican Republic, Guinea-Bissau, Israel, New Caledonia, Spain (Barcelona area), Trinidad and Tobago.  
FRIDAY: Israel, Malaysia, Mozambique, Rwanda.  
SATURDAY: North Yemen, South Yemen.  
SUNDAY: Ethiopia, Israel.

Source: Morgan Guaranty Trust Co.

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# AMERICAN TOPICS

## Sportswriter Assails Stadiums With Domes

Domed sports stadiums are "dumb," writes Bill McGraw, a sportswriter for the Detroit Free Press. They also are "ugly, unnatural and unnecessary."

The article appeared in The Washington Post. Jack Kent Cooke, owner of the Washington Redskins professional football team, has been talking about modeling a stadium after the Pontiac Silverdome just north of Detroit.

"Domed stadiums seal out the elements," Mr. McGraw writes, "which seems like an odd thing to do in an area such as Washington, where football afternoons often are clear, and, at worst, crisp. The climate is harsher in Detroit, but playing football outside always was accepted — and largely enjoyed — as part of the fabric and fun of following a rugged game."

But at the Silverdome, "the roof does more than blot out the sun," Mr. McGraw wrote. "It traps smoke and noise, which irritate the senses. Players complain that the artificial turf burns their knees. Fans grumble about the shopping mall ambience."

In brief, "the dome robs the game of its romance." On the other hand, he wrote, "To money guys like Cooke, a dome makes sense because they can turn the stadium into an all-weather, all-events arena. They can schedule wrestling, tractor pulls, Madonna and the pope, and they can continue selling tickets long after the last point-after is kicked."

## Short Takes

A mysterious disease is once again destroying oyster beds in Chesapeake Bay, which 30 years ago accounted for half of all the oysters harvested in the United States and now accounts for a fourth. Called MSX, for Multumaculata Sphaera X, the disease destroys oyster tissue, but scientists have not discovered what causes it, why it seems to wax and wane or what to do about it. Since MSX first invaded the bay beds 25 years ago, oyster production there has fallen steadily, except



**THERE SHE IS** — Kaye Lani Rae Rafko, Miss Michigan, is congratulated Saturday by other contestants after she was named Miss America in Atlantic City, New Jersey. Miss Rafko is a registered nurse who treated terminally ill cancer and AIDS patients.

for brief upward spurts. The New York Times reports that many shellfish experts fear for the survival of the Chesapeake Bay oyster and the watermen who harvest it.

"Street Trash," a new film, "claims no redeeming social value," writes Walter Goodman, a film critic in The New York Times. "The mayhem takes place in a Skid Row junkyard," and includes "disemboweling, disfigurements and a gang rape, from which the writer, Roy Frank, tries to squeeze hilarity." The director, Jim Muro, "is 22 years old. The movie seems to have been made by a much younger man."

More than \$30 million has been given to support Jewish schools in the New York City region by Joseph S. Grus, 64, a retired investment banker who came to the United States as a Polish immigrant in 1939. The money will supplement teachers' salaries and renovate and expand schools. Officials of the United Jewish Ap-

peal-Federation of Jewish Philanthropies called it the largest single sum ever given for Jewish education in an American community. Mr. Grus said he made the gift during his lifetime because "I prefer to give with a warm hand and not leave it to strangers."

A joint lottery that could become the biggest in the country has been announced by five widely-scattered states — Iowa, Kansas, Oregon, Rhode Island and West Virginia — and the District of Columbia. Tickets are to go on sale for \$1 each early next year. Each state retains the profit from its own ticket sales. Organizers say they hope that jackpots will average \$3 million to \$5 million a week, with the possibility that the prize pool could grow to \$40 million or more if it accumulated for several weeks without a big winner.

## Notes About People

Joel Grey, now appearing in a

Broadway-bound Washington revival of "Cabaret," created the part of the seedy master of ceremonies in the original production of the play in 1966. He won a Tony award for that role and an Oscar for the film version that followed. How did the actor, who was born Joel Katz in Cleveland 55 years ago, happen to choose Grey as a stage name? "I plucked it out of the air," he says. But "it has proved fortuitous. As an actor, that's what I'm interested in. Not black and white, but the mysterious, ambivalent area in between. Grey. It's the richest kind of acting. It's what I aspire to."

In a recent speech, President Ronald Reagan said: "May I conclude with a little Irish blessing, although some suggest it's a curse. May those who love us, love us. And those who don't love us, may God turn their hearts. And if he doesn't turn their hearts, may he turn their ankles so we'll know them by their limping."

—ARTHUR HIGGEE

# Bork Vows 'to Interpret Law, Not Make It'

By Linda Greenhouse  
New York Times Service

WASHINGTON — Judge Robert H. Bork has finished his testimony before a sharply divided Senate Judiciary Committee, vowing that if he is confirmed to the Supreme Court he will be guided not by "some personal political agenda of my own" or a "desire to set the social agenda for the nation" but by the text of the Constitution and the intent of its framers.

"I will adhere to my judicial philosophy," he told the senators Saturday. "I am a jurist who believes his role is to interpret the law and not make it."

The rare Saturday session ended the first phase of the committee's confirmation hearings. No previous Supreme Court nominee has ever spent more than four days answering committee questions.

On Monday, the committee is to begin about two weeks of testimony from other witnesses on both sides, starting with the American Bar Association, which gave Judge Bork its highest rating but by a rare split vote.

Among those scheduled to testify on Judge Bork's behalf are Warren E. Burger, the former chief justice; Lloyd Cutler, a prominent Washington lawyer who was White House counsel under President Jimmy Carter; Carla A. Hills, former secretary of housing and urban development; Governor James R. Thompson of Illinois; and former Governor Dick Thornburgh of Pennsylvania.

Speaking against the nomination will be William Coleman, secretary of transportation under President Gerald R. Ford; Barbara Jordan, a former congresswoman from Texas; and Burke Marshall, one of Judge Bork's former colleagues on the Yale Law School faculty.

The Judiciary Committee seemed as closely split on the nomination at the end of the week as it had at the beginning, and Judge Bork's prospects once the nomination reaches the Senate floor remain uncertain. As many as 30 senators are believed to remain undecided.

Shortly after Judge Bork left the Senate hearing Saturday, he received a telephone call from President Ronald Reagan, who commended him on his presentation and said calls to the White House were running 6 to 1 in his favor.

The final session Saturday was marked by a philosophical debate between the nominee and one of the uncommitted senators in whose hands his future lies.

For more than an hour, Senator Arlen Specter, Republican of Pennsylvania, engaged Judge Bork in a dialogue that ranged over many issues but focused on one that lies at the heart of the debate over Judge Bork's confirmation: his insistence that the intent of the



Robert H. Bork

framers is the only valid guide in interpreting the Constitution.

The senator pressed Judge Bork repeatedly to acknowledge that the matter was perhaps not quite that simple, that the framers' intent was not always clear and that, in the end, a judge had to rely on a vision of "the needs of the nation."

Mr. Specter, 57, a Yale Law School graduate who spent much of the summer studying Judge Bork's record, and the judge, 60, a former Yale Law School professor who spent a grueling five days de-

fending it, engaged in an intellectual fencing match on an order rarely seen in such a forum. Both men seemed to enjoy the experience.

Judge Bork conceded that intent was "a principle whose contours are not clear cut" and that judges who apply it faithfully will nonetheless "in borderline cases often come out differently."

"Then why is the doctrine of original intent sacrosanct?" Mr. Specter asked. "Does that definition really advance the definition of constitutional values?"

Finally, Judge Bork signaled a truce. "Senator, you're making a very powerful argument from a very strong tradition," he said. "What I'm saying is also from a very strong tradition."

Last summer, when the Judiciary Committee was considering the nominations of William H. Rehnquist as chief justice and Antonin Scalia as associate justice, Mr. Specter expressed his anger with both nominees for declining to answer nearly all the committee's questions about their constitutional views on the ground that the issues might come before the court.

By contrast, Judge Bork answered nearly every question from every senator. Mr. Specter proclaimed their dialogue "unique" and told the judge, "I think this will set a pattern for the future, and a

very good one for the benefit of the country."

Nonetheless, he also told Judge Bork that he had not yet decided whether he would vote to confirm him. The committee's vote is expected early next month.

Mr. Specter said he was still concerned about what he called "significant shifts" between views Judge Bork had expressed for years on some important constitutional issues and the positions he took before the committee.

As an example, Mr. Specter said that Judge Bork's testimony before the committee that the 14th Amendment's equal protection guarantee applied to women was "materially different" from his writings, which held that it did not. "We search for predictability," Mr. Specter said. "The question of what risk is involved, the risk to the Constitution and the risk to the court, that's what's involved."

## Cuomo Visiting Soviet Union

Reuters

MOSCOW — Governor Mario M. Cuomo of New York arrived in Moscow on Sunday on a week-long visit to meet various Soviet officials and scholars, the Tass news agency reported. Mr. Cuomo will visit ministries and Moscow University as well as making a trip to Leningrad.

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# Disillusioned, First-Term U.S. Senator to Quit

The Associated Press

RICHMOND, Virginia — Senator Paul S. Trible Jr. has announced that he will not seek a second term next year, saying that "much of the important work of the nation doesn't seem to get done" in the Senate.

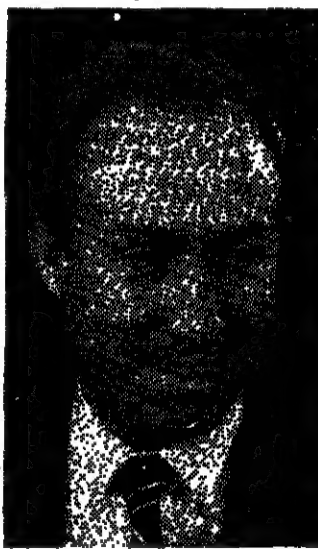
Mr. Trible, 40, a Republican, made the announcement Saturday in a commercial distributed to 21 Virginia television stations. In it, he also cited his desire to spend more time with his family.

Many Virginia Democrats have urged former Governor Charles S. Robb to seek Mr. Trible's seat. Mr. Robb said last week that he would not make up his mind whether to run for the Senate until after the November elections.

Neither Mr. Trible nor his aides said what he planned to do when his term was completed, but the senator did not rule out a bid for another office, such as governor.

Mr. Trible has at least \$1.4 million in cash from a yearlong fund-raising effort.

"I'll seek other opportunities to



Paul S. Trible Jr.

make a difference in the life of our state and nation," he said.

Mr. Trible, elected in 1982 after serving three terms in the U.S. House of Representatives, said that in a recent two-month period he

was home for dinner only three times.

"I want to see more of my family," he said. "Our children have known no other life than the Congress."

Mr. Trible also said he was frustrated as a legislator.

"For all the Senate's greatness, much of the important work of the nation doesn't seem to get done," he said. "The committee hearings, debates, filibusters and roll call votes go on and on and on."

"Personally, I want to be better able to shape my day, set the agenda, do more for my family and for Virginia."

"I'll complete this term in office with energy and enthusiasm and then move on."

The Senate Republican leader, Bob Dole, said Mr. Trible's decision was "a real loss for the Senate and for the people of Virginia."

"Paul is one of the Republican

Party's most thoughtful and respected young members," Mr. Dole said. "And he's made an outstanding contribution to the Senate during his five years here."

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# Soviet Eases Restraints On Jews and Weighs Amnesty for Dissidents

By David K. Shipler

New York Times Service

WASHINGTON — Soviet officials have told the United States that several important regulations used to prevent Soviet Jews from emigrating were being eased, and that an amnesty was possible for some political and religious prisoners.

Richard Schifter, assistant secretary of state for human rights and humanitarian affairs, said that, in addition, "I was left with the impression that the abuse of psychiatry was being ended."

Mr. Schifter noted that Soviet authorities announced several weeks ago that psychiatric hospitals now under the jurisdiction of the Ministry of Internal Affairs, which is also in charge of the police, were being transferred to the Ministry of Health, where they may be used less for incarcerating dissidents.

Soviet authorities have long used psychiatric hospitals to imprison political dissidents, but Mr. Schifter said, "I was left with the feeling that that was really moving toward change."

Mr. Schifter said that Soviet officials had made no commitment to increase the rate of emigration by

Jews. Since April, about 800 Jews have been permitted to leave each month, more than during recent years but fewer than the 51,000 who left at the peak of emigration in 1979.

The issue has enormous political weight in Soviet-American relations.

It was raised last week by both President Ronald Reagan and Secretary of State George P. Shultz during their talks in Washington with the Soviet foreign minister, Eduard A. Shevardnadze.

Detailed discussions were held by a special Soviet-American working group on human rights, led by Mr. Schifter and Yuri Reshetov, a deputy director of the Soviet Foreign Ministry's department of humanitarian and cultural affairs.

Mr. Schifter and others in the State Department regard the Soviet steps as part of a mixed picture.

"You can see both the movement and the limits of the movement," said Mr. Schifter, who said he did not believe that Mr. Gorbachev was engaged in a revolution of democratization.

"They're going to take certain steps that will significantly ameliorate conditions," he said, "without in any way changing the fundamental Leninist structure of the state."

For example, Mr. Schifter reported, Soviet officials said that in their current revision of the criminal code, they were considering a repeal of Article 190-1 on "anti-Soviet defamation," which has often been used against dissidents. An amnesty might also be given those serving sentences under that law, he said.

But a harsher measure would stay on the books, Mr. Schifter said. This is Article 70, providing a maximum sentence of seven years in prison and five in exile for "anti-Soviet agitation and propaganda."

"The impression we were left with is that they are going to relax on the code sections which make it a crime to engage in unauthorized religious activity," Mr. Schifter said. "They may amend the criminal code and may grant amnesty to people convicted under these sections."

## U.S. Missiles to Be Junked Cost \$9 Billion to Deploy

New York Times Service

WASHINGTON — The United States spent nearly \$9 billion designing, building and deploying the nuclear missiles that would be scrapped under the terms of an arms limitation treaty with the Soviet Union.

William Arkin, who compiles nuclear weapons data for the private Natural Resources Defense Council in Washington, detailed the costs in a note for the October issue of the Bulletin of the Atomic Scientists. He said the Pentagon had spent \$3.45 billion on the ground-launched cruise missiles that would be dismantled and \$2.46 billion on the Pershing-2 missile, excluding the costs of the nuclear warheads.

The Department of Energy has spent more than \$1 billion for approximately 465 cruise-missile warheads and \$350 million for about 120 maneuvering re-entry vehicles and nuclear warheads used by the Pershing-2. The United States spent \$628 million for six cruise-missile bases and five Pershing bases. Training and other expenses probably push the total costs above \$9 billion.

## Restrictions on Pretoria Formalized by Israel

New York Times Service

JERUSALEM — The Israeli cabinet formally announced on Sunday new restrictions on trade and cultural relations with South Africa, including a decision to freeze iron and steel imports at current levels, prohibit the sale of oil to South Africa and bar visits by government officials.

Although the 10-member inner cabinet approved the package of sanctions on Wednesday, the formal cabinet session was delayed until after the meeting Sunday of the full cabinet.

Topping the list of new sanctions is a decision to bar new investment in South Africa, prohibit the granting of government loans, bar the

sale and transfer of oil and oil products, and prohibit import of Kruggerands.

Nothing in the list, however, curtails other general trade with South Africa, or adds to the decision in March not to renew military contracts with that country. Last year Israel imported \$181.1 million worth of goods from South Africa, and exported \$34.8 million.

The list includes a pledge to take "all necessary steps" to prevent Israel from becoming a way station for South African goods.

In addition, no new scientific agreements will be signed with South Africa, and the Ministry of Tourism will not support the promotion of tourism to South Africa.

## Hungarian Assembly Approves Tax Plans

United Press International

BUDAPEST — Hungary's National Assembly has passed general income tax and value-added tax bills, both part of a government program to improve the Communist country's faltering economy.

The 385-seat National Assembly passed the income tax bill on Saturday with only 10 votes against and 21 abstentions. The bill on the East bloc's first value-added tax also was approved Saturday, with one

vote against and three abstentions. The income tax bill calls for rates of 20 to 60 percent. The value-added tax will add as much as 25 percent to prices of a wide range of goods. Previously, most tax revenue was generated by heavy taxes on major companies, which then had no investment capital left for modernization or expansion.

Prime Minister Karolyi Grosz, in a news conference Friday, called the final tax bill a "compromise." Hungary, with a population of about 10 million people, has a \$10 billion foreign debt and is facing difficulties in repaying it.

## PACT: Strategic Arms

(Continued from Page 1)

or the United States would defend Europe in case of a crisis.

On Friday, the same day the INF agreement was announced, the Pentagon unveiled plans to step up research into Mr. Reagan's Strategic Defense Initiative.

The Soviet Foreign Ministry spokesman, Gennadi I. Gerasimov, said on "Meet the Press" that such an action would not help talks on reducing long-range missiles.

Mr. Carlucci said the SDI tests referred to by the Pentagon had been scheduled for some time and he insisted that the administration had no plans to slow work on SDI.

"We intend to develop it as rapidly as we can and deploy it when it is ready," he said. "Until we negotiate a strategic arms agreement there's absolutely no reason why we shouldn't proceed with the tests and even after we negotiate one, it is still our intention to go forward with the SDI program."

(Reuters, UPI, AP)

## U.K.-French Reaction

Britain's foreign secretary, Sir Geoffrey Howe, said Sunday that Britain and France would continue to modernize their nuclear forces despite the proposed U.S.-Soviet accord to eliminate intermediate-range missiles, United Press International reported from London.

"We have to maintain our effective defense and security and keep our guard up," Sir Geoffrey said on the "Weekend World" television show.

"The position of the United Kingdom and France has been made very clear many times," he said. "On this there is no change. We need to maintain and modernize our nuclear deterrents."



Sam Nunn

## TAIWAN: Travel Ban to End

(Continued from Page 1)

national Red Cross to help arrange visits to the mainland.

In China, the Communist Party press has welcomed reports that Taiwan would end the travel ban, but the magazine Beijing Review called for much stronger measures intended to bring reunification of the two sides.

Mr. Shaw and another senior official said the lifting of the travel ban did not mean an end to Taiwan's longstanding ban against contact, negotiation or compromise with the government in Beijing, which is still viewed, Mr. Shaw said, as an enemy.

But many analysts in the Taiwan press and universities have interpreted the lifting of the travel ban as part of a broader opening to China. Some said it could even be the beginning of a process that could lead, once the current generation of leaders on both sides has departed, to an accommodation between Taipei and Beijing.

Some analysts said the projected family reunions could easily expand into other areas such as sight-seeing and scholarly exchanges.

They also said the visits could lead to substantial growth in the indirect trade between Taiwan and the mainland. Western analysts in Hong Kong said the value of this two-way trade, which passes mostly through Hong Kong, had reached nearly \$2 billion a year.

The pressure for change has come from middle-class legislators, who want more pragmatic policies; from businessmen, who seek more trade with China, and from Nationalist Army veterans, who have long wanted to return to the mainland to see the relatives they left behind at the end of the civil war between the Nationalists and the Communists.

The government does not sanction journalistic trips to the mainland, but two reporters flew to China last week in anticipation of the lifting of the travel ban. A government official said the two would be punished, but no one expects the punishment to be severe.

The decision, which has been signaled by several government statements, has already caused many people to begin planning trips to China. A tourist agency said it had been able to arrange a one-week trip for \$1,000.

A local television manufacturer announced that he would introduce a new line of inexpensive color sets for travelers to take to their relatives in China.

## U.S. Renews Screening For Visas in Vietnam

By Barbara Crossette

New York Times Service

BANGKOK — U.S. consular and immigration officials, working in Vietnam for the first time since Hanoi unified the country under Communist rule in 1975, have resumed screening Vietnamese applicants for American resettlement under the Orderly Departure Program.

The screening, which began last week after a long freeze, was resumed after the United States agreed in August to discuss Vietnam's postwar humanitarian needs and the Vietnamese pledged to speed up the resolution of cases of Americans missing in action.

Diplomats in Bangkok said the U.S. move indicated that relations between the two countries could improve substantially under the new leader of Vietnam's Communist Party, Nguyen Van Linh.

Disagreements among local and national party leaders over whether to proceed with legal emigration were thought to have caused a freeze in the departure interviews from January 1986 until last week. More than 1,000 Vietnamese

were interviewed last week, said Bruce Beardsley, who directs Indo-Chinese refugee programs from the U.S. Embassy in Bangkok and who was part of the U.S. team in Hanoi.

Only nine applicants were rejected, with about 100 cases awaiting more documentation.

The next round of screening in Hanoi is tentatively scheduled for October, when interviewing of children of American and Vietnamese couples also is expected to resume.

Eighty-one of an estimated 10,000 such young people, known as Amerasians, and their families qualify for American citizenship, U.S. officials said.

About 670,000 Vietnamese are seeking resettlement in the United States, Mr. Beardsley said Saturday. U.S. officials have issued letters of introduction to 95,000 of them, signifying that they are eligible for U.S. visas. The 95,000 include some inmates of political prisons.

The Vietnamese authorities, who decide which applicants will get exit permits, are limiting interviews to family reunion cases for the moment.

## POPE: A Visit to Canadian Indians

(Continued from Page 1)

depicted the issue as the most important test of the identity of the United States as a free nation.

Earlier in the day, in a speech on social justice, the pope explored the United States' international role and responsibilities. He warned that the nation could not solve its problems unless it helped the world achieve peace and prosperity.

As has happened repeatedly on this trip, the crowds that came to see him Saturday were a fraction of what had been expected. Detroit police said only about 30,000 people

went to Hamtramck, a Polish enclave within the city of Detroit, to hear the pope land the heritage of Polish-Americans. Preparations had been made for 10 times as many people.

Saturday morning, surrounded by the high-rise towers of central Detroit, John Paul laid down a forceful challenge.

"Dear friends," he said, "America is a very powerful country. The amount and quality of your achievements are staggering. By virtue of your unique positions, as citizens of this nation, you are placed before a choice and you must choose."

He said his audience could either "close in on yourselves and enjoy the fruits of your own form of progress and try to forget about the rest of the world" or "choose to live up to your responsibilities that your own history and accomplishments place on your shoulders."

Since arriving in the United States, the pope has emphasized the nation's duty to fulfill the responsibilities that accompany its wealth and power. On Saturday, however, he posed the argument as a matter of self-interest, and used the language of a diplomat or a business school professor as well as that of a priest.

The speech had been described in advance by Vatican officials as one of the most important of the trip. But it broke no significant ground in the well-developed social doctrine of the church. A U.S. clergyman expressed disappointment over the degree to which the speech repeated familiar themes.

A church official traveling with the pope, who asked not to be identified, said the speech had been one of the last to be completed and was difficult to write. Much of the text was drawn from a speech the pope had intended to deliver to the United Nations General Assembly before a stop in New York was ruled out for logistical reasons, the official said.

## MANILA: Leftist Slain

(Continued from Page 1)

tal war policy" against leftist rebels.

A member of Mr. Alejandro's group, Jose Castro, said, "We hold the Aquino regime responsible for this heinous crime."

The Bayang group was one of the organizers of a large rally in November after the killing of another leftist leader, Rolando Olalia, chairman of a radical labor union. That killing came shortly before a coup attempt by the same officers who staged the rebellion last month.

Some supporters of the most recent uprising have suggested that its leaders, who are in hiding, might adopt urban guerrilla warfare.

The killing of Mr. Alejandro came shortly after the armed forces chief of staff, General Fidel V. Ramos, concluded a staff conference at which he said he discussed the possibility that rightist or leftist groups would try to further destabilize the government.

He said he had intelligence reports that extremist groups might try to disrupt the protest actions Monday with violence.

On Thursday, the pope said that the United States had a duty to fulfill the responsibilities that accompany its wealth and power. On Saturday, however, he posed the argument as a matter of self-interest, and used the language of a diplomat or a business school professor as well as that of a priest.

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## Plot to Assassinate Irish Leader Cited

Reuters

DUBLIN — Police are investigating a reported plot by Protestant extremists from Northern Ireland to assassinate Prime Minister Charles Haughey of Ireland and set off a wave of bombings in Dublin, a police spokesman said Sunday.

He said no arrests had been made in connection with the alleged plot, which was reported by the Sunday World newspaper. Mr. Haughey was to appear later Sunday at the national Gaelic football final in Dublin.

The paper, citing sources within the Ulster Defense Association, the largest Protestant paramilitary organization in Northern Ireland, said a former British soldier from Scotland was hired as the assassin.

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Swiss Bank Corporation officials in Zurich.

## Swiss Bank Corporation: The professional interface.

# When the markets are racing to keep up with the news, the news can't keep up with the markets.

The financial markets never stop, and the pace in foreign exchange can get dramatic. With information flooding in at electronic speeds, you need to sift out what's new and what's not, and what's relevant to you. You can't keep up with the whole world, but you can work with a partner who's in the markets constantly. A professional whose advice and timing you can rely on. Try us out in foreign exchange, and find out what we can do for your business wherever your business takes you.



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Quake Remembered

## Contras, in Ge

The meeting described the setting of the deal with the rebels, the second of the peace process.

The peace process was described as a "historic moment" in the history of the region.

One of the key figures in the process was described as a "key player" in the negotiations.

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**MEXICO QUAKE REMEMBERED** — Residents of Mexico City's Tlaltecoco section at a memorial Mass on the second anniversary of the earthquake that hit the city in 1985. The neighborhood was heavily damaged during the earthquake, which the government estimates killed 6,000 people, injured 30,000 and left 150,000 homeless.

## U.S. to Close 2 Embassies, 13 Consulates

By John M. Goshko  
*Washington Post Service*

WASHINGTON — Secretary of State George P. Shultz, charging that Congress has "brutalized the foreign affairs budget," has announced the closing of two embassies in Africa as part of sweeping cost-cutting measures triggered by congressional budget cuts.

In a speech to department personnel Friday, Mr. Shultz said he expected the department's share of the \$19 billion foreign affairs budget request for fiscal 1988 to be \$4 million less than it needed this year and that he must substantially reduce the department's operations by eliminating jobs in Washington and abroad.

As a result, he announced plans to close the embassies and 13 consulates, reduce the functions of several other embassies, eliminate some bureaus within the department and reduce senior and mid-level positions in Washington.

The embassies scheduled to be closed are in Equatorial Guinea and the Comoros Islands. Thirteen consulates were closed last year.

Mr. Shultz did not detail how the cuts would be made. But State Department sources said that up to 1,300 Foreign Service and civil service jobs would be eliminated, mostly in Washington, by attrition and through incentives for early retirement.

In addition, the sources said, the number of deputy assistant secre-

aries of state — the first rung on the department's senior-management ladder and the traditional stepping stone to an ambassadorship — will be trimmed so that none of the 14 bureaus within the State Department will have more than three. At present, most bureaus have four to six deputy assistant secretaries.

The sources said such cutbacks would sharply decrease opportunities for promotion into the senior ranks and were certain to create a

severe erosion of morale in the Foreign Service, whose members already are unhappy with a rigid, new promotion system and the Reagan administration's choice of political appointees for many ambassadorships and senior policy positions.

They said that many closings will be in countries where there is more than one consulate. One source said, "We are asking our embassy in Paris whether they want to give up Marseille or Bordeaux, whether the embassy in Canada would rather lose Quebec or Calgary, and so forth."

The department estimates that it needs \$1.7 billion to operate at present levels in fiscal 1988. But Ronald I. Spiers, undersecretary for management, said it anticipates getting only \$1.6 billion. He noted that the cuts alluded to by Mr. Shultz cover only \$39 million of the anticipated \$34 million shortfall, and he said that still more cuts would be required.

## Contras, in Gesture to Latin Peace Pact, Release 80

By Stephen Kinzer  
*New York Times Service*

MANAGUA — Anti-Sandinist guerrillas, backed by the United States, have released 80 prisoners in what they described as a gesture of support for the new Central American peace accord.

The prisoners were turned over to public security agents in Costa Rica. Officials said the prisoners would be able to choose between returning to Nicaragua or seeking asylum in Costa Rica or elsewhere.

Sixty of the freed soldiers have asked for political asylum, a Costa Rican government spokesman said Saturday, according to a Reuters report from San José, Costa Rica.

[The spokesman said that their request was being studied and that the remaining 20 soldiers had been handed over to Nicaraguan authorities on the border between the two countries on Friday night. Costa Rican government officials quoted the freed prisoners as saying they had been well treated by their captors and said some had expressed interest in joining the U.S.-backed rebels.]

Under the peace accord, which was signed last month, Central American governments are required to release all prisoners and guarantee full political and press freedom by Nov. 7. They must also forbid the use of their territory by insurgents fighting to overthrow other regimes.

The prisoner release on Friday was the first major step that the rebels, known as contras, have taken to encourage the peace process.

The move was apparently a challenge to the Managua government to release prisoners held on charges of aiding the contra cause.

The new peace accord requires amnesty, but does not specify what form it should take. As a result, the amnesty question has become one of the most disputed aspects of the peace process.

Opposition political leaders have urged the government to decree a broad general amnesty. But Nicaragua's deputy interior minister, Luis Carrion Cruz, said this week that he doubted the government would go that far.

The prisoner release by the contras was announced Thursday at a news conference in San José at which the Costa Rican minister of public security, Hernán Garrón, shared a platform with four members of the contra leadership. One of the four, Alfonso Robelo, said the contras fully supported the peace process.

"What we are trying to do is to show by our actions that we want to end the Nicaraguan conflict," Mr. Robelo said. "We want a cease-fire to end the bloodbath in Nicaragua."

Contra leaders said the 80 prisoners constituted the majority of the Sandinist soldiers they have captured in battle. They said the rest would soon be released.

In Managua on Friday, the foreign ministers of Guatemala, El Salvador, Honduras, Nicaragua and Costa Rica completed two days of meetings with diplomats from eight other Latin American

countries that are supporting the peace effort.

The meetings, which participants described as technical, resulted in the setting up of subcommittees to deal with refugee resettlement and other international issues raised by the accord.

The participants said no major disagreements surfaced. "We are on track," one ambassador said.

Rodrigo Madrigal Nieto, the Costa Rican foreign minister, carried two letters to Managua from Oscar Arias Sánchez, the Costa Rican president, who conceived the peace accord.

One of the letters was addressed to President Daniel Ortega Saavedra and the other to Cardinal Miguel Obando y Bravo, who was appointed to the National Reconciliation Commission, which is to oversee compliance with the accord. In the letters, Mr. Arias suggested that the cardinal serve as a mediator between the Sandinist government and the contras.

On Thursday, Mr. Arias urged Central American governments to

act more quickly to comply with the accord.

"We are working against the clock," he said. "And we should take advantage of every moment between now and Nov. 7 to show the world that Central Americans can resolve our problems through dialogue and negotiation."

In discussing the Sandinist government's view of the accord, Mr. Carrion, the deputy interior minister and a member of the ruling Sandinist National Directorate, said amnesty should principally apply to contras who turn in their arms, not to prisoners.

He said large numbers of prisoners jailed for security crimes could be released only when it became clear that the war had ended. Otherwise, he said, the released prisoners might simply rejoin the contras.

Mr. Carrion also said he did not believe the accord required freedom for the more than 2,000 jailed members of the deposed National Guard who have been held since the 1979 Sandinist takeover. Freeing them, he said, "would reopen a

wound in our society that has just begun to heal."

**No Welcome in Nicaragua**  
*Julia Preston of The Washington Post reported from Peñas Blancas, Nicaragua:*

There was no marching band to welcome 20 Nicaraguan prisoners of war who returned to their country late Friday night after being freed from rebel jails.

Crossing in silence and darkness from Costa Rica to Peñas Blancas, a Nicaraguan border post, they were received by a small party of stony-faced Sandinist Army officers and a blinding swarm of goats.

The Sandinist military has refused to acknowledge publicly that the contras were holding any captured soldiers and appeared reluctant to greet them when they came back.

"The contras did this to make themselves look like legitimate actors in this peace process, but it was just a show," said Oscar Téllez, a Foreign Ministry official who led the men across the border.

The former prisoners who came

## U.S. Judge's Coveted Medal Disputed

*Washington Post Service*

WASHINGTON — Attorney General Edwin Meese 3d and several White House officials arranged for Judge Irving R. Kaufman of the U.S. appeals court to be awarded the Presidential Medal of Freedom, the nation's highest civilian honor, after Judge Kaufman agreed to retire as a full member of the court, according to sources familiar with the episode.

According to one source, the judge's retirement and the Medal of Freedom were part of an explicit trade. Mr. Meese denied that any trade was made.

The retirement of Judge Kaufman, 77, a liberal on many issues, makes room for a conservative on the closely divided 2d U.S. Circuit Court of Appeals in New York.

The Reagan administration plans to nominate Stuart Summ, a former law partner of Deputy Attorney General Arnold I. Buzza, to fill the vacancy, according to sources. Mr. Summ would be the Reagan administration's eighth appointee to the 13-member panel, considered one of the most important U.S. federal courts.

Two senior White House officials opposed awarding Judge Kaufman the medal, but other officials joined Mr. Meese to persuade the president to give it to him, sources said.

Judge Kaufman, who is taking senior status on the appeals court, has refused comment. Federal judges are appointed for life, and a judge with senior status generally takes on a lighter workload but is

still permitted to rule on cases.

As a trial court judge, Judge Kaufman ordered the execution in 1951 of the convicted Soviet spies, Julius and Ethel Rosenberg, and is known for his liberal rulings on freedom of speech, civil rights, prisoners' rights, environmental protection and other issues.

Friday's White House announcement said Judge Kaufman would be cited for "his exemplary service to our country as a federal judge in New York, his work as chairman of the President's Commission on Organized Crime and his multifaceted effort to promote an understanding of the law."

Warren E. Burger, a former chief justice of the United States, will receive the medal at the same time, on Oct. 7.

## Japan's Emperor Reported Ailing


*New York Times Service*

TOKYO — Emperor Hirohito has a partly blocked intestine and may require an operation this week, a Japanese newspaper has reported.

Other newspapers reported Saturday that the emperor, 86 years old and in the 62d year of his reign, had canceled plans to attend a sumo wrestling tournament on Sunday. They said the reason was an intestinal ailment that might require hospitalization, but they were not more specific.

The Tokyo daily Asahi Shimbun said that as a result of the partly blocked intestine, the emperor might be unable to make a long-planned visit to Okinawa next month.

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# OIL & MONEY

## THE CHALLENGE OF THE 1990's

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THE program is designed to assist senior executives in the petroleum industry and related fields to determine their business strategies into the 1990's. The Honorable John S. Herrington, Secretary of Energy, United States, H.E. Abd al-Hadi Muhammad Kandil, Minister of Petroleum and Mineral Resources, Egypt, H.E. Rikwan Lukman, Minister of Petroleum Resources, Nigeria, President of the OPEC Conference, H.E. Arne Oien, Minister of Petroleum and Energy, Norway and The Rt. Hon. Cecil Parkinson M.P., Secretary of State for Energy, United Kingdom will head a distinguished group of energy and financial leaders from around the world.

Senior Executives wishing to attend the conference should complete and mail the registration form today.

### OCTOBER 22

**UNITED STATES ENERGY POLICY**  
The Honorable John S. Herrington, Secretary of Energy, United States

**CHALLENGE OF THE 1990's: A CORPORATE VIEW**  
John R. Hall, Chairman and Chief Executive Officer, Ashland Oil Inc.

**GLOBAL DEMAND AND SUPPLY: AN OVERVIEW**  
John R. Hall, Chairman, Teneo Europe Ltd.

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### OCTOBER 23

**MINISTERIAL PRESENTATIONS AND DISCUSSIONS**  
H.E. Rikwan Lukman, Minister of Petroleum Resources, Nigeria, President of the OPEC Conference

**THE WORLD ECONOMY: RETURN TO NORMAL GROWTH?**  
Stephen Morris, Senior Fellow, Institute for International Economics, former Chief Economist, O.E.C.D.

**RESPONDING TO THE CHALLENGE OF THE 1990's**  
Shearson Lehman Brothers

**BREAKOUT GROUPS (These three sessions will run concurrently)**  
**NORTH AMERICAN MARKET**  
Theodore B. Bell, Chief Executive, Amoco Corporation

**THE EUROPEAN OUTLOOK**  
Giuseppe Schiavoni, Executive Vice-President, AGIP SpA

**THE PACIFIC OUTLOOK**  
Dennis J. O'Brien, Chief Economist, CALTEX Petroleum Corporation

**LUNCH**  
**THE OUTLOOK FOR THE UNITED KINGDOM**  
The Rt. Hon. Cecil Parkinson M.P., Secretary of State for Energy, United Kingdom

**MARKET FORCES IN CHARGE OF SUPPLY MANAGEMENT**  
John Deane, Chairman, Transworld Oil Ltd.

**ENERGY SECURITY AND THE MIDDLE EAST**  
Charles D'Amico, President, The American Petroleum Institute

**INTERNATIONAL ENERGY AGENCY**  
Mehdi Vardi, Senior Advisor, Kiewit Grieson & Co.

**Moderator: Robert Mabry, Director, Oxford Institute for Energy Studies.**

### CONFERENCE LOCATION

Royal Garden Hotel, Kensington High Street, LONDON W8 4PT. Telephone (441) 937 8000. Telex 263151. A limited number of rooms has been reserved for participants at preferential rates. Reservations must be received by October 5. Please contact the hotel directly.

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Please return the registration form to: International Herald Tribune, Conference Office, 63 Long Acre, London WC2E 9JH, or telephone (441) 379 4302 or telex 262009.

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# INTERNATIONAL Herald Tribune

Published With The New York Times and The Washington Post

## Toward a Steady Course

It took the Soviet Union six years to find a stable leadership and Ronald Reagan just as long to shed some of his prejudices about dealing with the "Evil Empire." Now, President Reagan and General Secretary Mikhail Gorbachev show signs of trying to put Soviet-American relations on a steady course.

Steadiness may not sound like much, but it has been the critical missing ingredient in the world's most important relationship. Foolish swings in American political fashion from euphoria to pessimism have obscured reality. Repeatedly, attempts to do too much or too little have set back progress. The communiqué issued on Friday suggests that the two sides have learned the steadiness lesson.

The document sounds like a commitment to work at problems in a serious way. It announces and paves the way for the third and most promising summit meeting between the two leaders. It also represents a commitment by a conservative president to a broad arms control agenda.

The only tangible accomplishment is an agreement in principle to eliminate all land-based missiles with ranges of some 300 to 3,000 miles (500 to 5,000 kilometers). The military effect will be slight; the agreement affects some 2,000 warheads in arsenals containing 25,000. But the political effect is enormous. When the pact is ready for signature, it will show that the two leaders have learned what it takes to get a job done together.

There is a temptation to read something even more welcome into the communiqué's elusive language on strategic arms. It promises an "intensive effort" to reach a treaty on 50 percent cuts in long-range missiles and

bombers "within the framework of the Geneva and Nuclear Space Talks." Administration officials say this indicates that Moscow may be ready to make a deal on offensive arms without limits on space-based defenses. Fine, if Moscow will play. But that hardly seems likely, and it would be wrong for Mr. Reagan to convince himself that he can escape the hard decision to limit his "star wars" dream.

Also good news is the commitment to begin stage-by-stage talks leading to a ban on nuclear testing. It is eminently sensible to approach this goal in phases; that is how to eradicate all doubt about being able to detect cheating and allow both sides to prepare other means to deal with technical problems.

Mr. Gorbachev has pressed for talks on testing for some time. But the essential reason for him to meet with Mr. Reagan is the accord on medium-range missiles. He needs something concrete to demonstrate his capacity to manage the competition with the United States. The prestige of coming to Washington and the reduction in Soviet-American tensions will help him do what he most wants — galvanize the Soviet economy. Mr. Reagan's interest in a summit can be divided from the cheers in Washington that greeted the communiqué. A summit meeting helps erase the Iran-contra fiasco, while propitiating history.

At the summit, discussions of matters like Nicaragua and Afghanistan will be painful. Exchanges on human rights could well be more productive, if the communiqué is any indication. Progress on this front would give full value to a summit meeting based at last on a more mature, and steady, relationship.

— THE NEW YORK TIMES

## Advice From the IMF

If the United States were to go to the Third World, experts from the International Monetary Fund would be looking for President Reagan square in the eye and telling him to get the budget in shape or forfeit outside aid. The fund isn't about to do that, but in an annual report it does make a point of America's economic trouble. The humbling and neglect, now six years old, rightly alarm the international community. The mystery is why it all doesn't inspire equal alarm among American leaders.

The depth of America's difficulties becomes clearer with each new report on the trade deficit. If the widening gap of the first seven months continues, the 1987 deficit will top last year's record; July's figure was the worst ever for a single month.

At first, the Reagan administration's huge budget deficits helped lift the economy out of recession. But the sloppy recovery led to sharply increased imports and the trade deficit. An outflow of dollars to pay for excess imports can continue only as long as foreigners profit by holding the dollars and investing them. Abnormally high interest rates, now rising further, sustain foreigners' interest in dollars to invest in America, but not without cost to America. Rising interest rates slow growth; rising investment by foreigners

incurs mounting obligations to pay them interest and dividends. The United States has become the world's largest debtor.

The administration had hoped that the drop in the value of the dollar would improve the situation by reducing prices of exports and expanding those exports. This happened. It assumed that imports would shrink as foreign goods grew more expensive. This did not happen. Foreign manufacturers have not raised prices as much as expected, and American consumers with a new taste for foreign products still buy them even when their prices do rise. Onomously, careful consumption of imported oil, despite rising prices, has also been rising rapidly.

Thus the IMF, after scrutinizing the world economy, asserts in a new annual report that Washington must get its budget deficit on a steady downward path, even at the risk of an economic slowdown. A more detailed analysis, soon to be published, may even urge an increase in taxes.

It should not be necessary for foreign experts to pinpoint what is wrong with America's economy — or Togo's. Economic problems of the strongest nation, or of the weakest, will not be solved until its own leaders take them seriously.

— THE NEW YORK TIMES

## Other Comment

### Is the Cold War Over at Last?

Is the Cold War over at last? It may be, to judge by the historic success of the arms control talks in Washington. Not since the false hopes of détente were dashed in the 1970s have the superpowers talked so harmoniously or so much purpose. Never before have they agreed to reduce tensions in the burden of nuclear blackmail that lies over the world.

— The Observer (London).

The [Washington] meeting could be called historic only if the superpowers did not stay at the point where they are now, but if it produced a climate in which more difficult problems than INF could be solved.

— Stiddens Zeitung (Munich).

A U.S.-U.S.S.R. arms treaty [to] eliminate intermediate-range nuclear forces will create a new international climate that is conducive to reason and mutual understanding. It will also persuade the world that the leadership in Washington and Moscow is not captive to an uncontrollable urge to overarm, spending billions of dollars and rubles, but is composed of statesmen with political courage to create a more sensible and safer world.

— The Jakarta Post.

That there should be an agreement now goes to show that negotiations at this level will lead to results only if they are conducted from a position of strength. Only after the Pershing-2 and cruise missiles were deployed was the Soviet Union prepared to talk about dismantling its SS-20 missiles.

— De Telegraaf (Amsterdam).

The INF treaty will not do much to reduce the worldwide scale of nuclear armament, but it will abolish a category of weapons altogether, or from one of the world's strategically critical regions. These weapons have been widely judged by many Europeans and some hard-headed Americans to be a desirable ingredient of NATO's European deterrence system. Peace is not served by weakening deterrence.

— The Daily Telegraph (London).

It will be Europe that pays the price. Removal of the nuclear theater factor will

accentuate the weight of the overwhelming Soviet supremacy on our continent in conventional arms and will make us ever more dependent on a U.S. "strategic umbrella."

— II Giornale (Milan).

There can be some doubt as to who, the United States or the Soviet Union, comes out the winner. But the identity of the loser appears evident: Europe.

— Le Figaro (Paris).

The accord will have value only if it is part of a coherent strategy for overall arms control and especially if it brings about a thaw in East-West relations. For the latter we need a grand design, badly missing now, which suits not only the two superpowers but also the Europeans, specifically the Germans.

— De Standaard (Brussels).

Time presses on Europeans to think seriously about a common defense. If they don't wake up fast, they risk appearing as nothing but isolated dwarfs between the superpowers.

— Le Monde (Paris).

The superpowers, which are able to get rid of all of us, are becoming more civilized to each other. That is the real step forward.

— R.T. (Copenhagen).

When the superpowers decide on new negotiations for reaching a test ban treaty, and also talk optimistically about the possibilities for a long-range missile treaty, there is really a basis for using the strong word "historic."

— Arbeiderbladet (Oslo).

Only a few years ago, the arms race was a mad contest with no end in sight. Not only has it been stopped but it began a sort of retreat. This is more than just a piece of good news.

— El País (Madrid).

You can never, in the thick of events, emphatically identify the turning points of history. But [Friday] was probably one. It means, for the first time since the atomic bomb was invented, a real reduction in the ever growing stockpiles — a lifting, as opposed to a lengthening, shadow.

— The Guardian (London).

## For the American Far Right, Black Is Red

By Anthony Lewis

BOSTON — The Citizens for Reagan movement is urging its 100,000 members to boycott Home Box Office, the cable television service, in protest against an HBO program. So is the Reverend Jerry Falwell's Moral Majority.

The target of these pressure tactics is a dramatized biography of Nelson Mandela, the imprisoned leader of the African National Congress of South Africa. The film was being shown on HBO Sunday night.

Peter T. Flaherty, chairman of Citizens for Reagan, wrote to HBO executives on July 17. He said that "a propaganda film" was going to be shown shortly before Congress would re-examine the South African sanctions legislation it passed over President Reagan's veto last year.

"Of course this is a free country," Mr. Flaherty said, "and HBO can offer its subscribers anything it wants, even pro-communist, pro-terrorist political films. You should be aware, however, that Citizens for Reagan is exercising the same freedom to urge our 100,000 members to terminate, or suspend for the month of September, their HBO service."

Mr. Falwell wrote in similar terms. "This film is nothing more than communist propaganda," he said. "The

Moral Majority and the Liberty Federation will be urging all of their supporters to boycott the use of HBO for the month of September."

As the letters make clear, the effort to punish HBO is not mere censorship. It is politics, of an extraordinary and self-revealing character.

The two right-wing organizations align themselves with the white government of South Africa against the political figure most revered by the majority of South Africans. They dismiss as "communist" and "terrorist" the man regarded by Western democratic governments of all political hues, right to left, as the best hope for racial change in South Africa.

Nelson Mandela has been in prison for 25 years now. Polls among the black majority show him to be the overwhelming choice for leadership. Last year the Commonwealth mission to South Africa visited Mr. Mandela in prison. Its report said that the members were wary of "the mythology surrounding him." But they came away deeply impressed.

"He exuded authority and received the respect of all around him, including his jailers," the Commonwealth report said. He emphasized

"his desire for reconciliation across the divide of color . . ."

"That desire for good will was palpable," the report said. "The minister of justice . . . was present at the start of our second meeting and Mr. Mandela pressed him to remain, saying he had nothing to hide and no objection to the minister leaving the discussion. It was his strongly stated view that if . . . the government and the ANC could talk, some of the problems which arose solely through lack of contact could be eliminated."

This is the man Citizens for Reagan and the Moral Majority think should not be profiled on television. It shows how elements of the right in America are off the extreme end of the world's political spectrum. After all, the Commonwealth mission included a former Conservative British cabinet member and a former conservative Australian prime minister.

Nothing could be more revealing than Mr. Falwell's and Mr. Flaherty's use of the "communist" tag. That has been the strategy of the African nationalist who hold power in South Africa: to paint all opponents of white supremacy as Communists.

The HBO film has some striking

scenes of South African government forces drafting legislation to define opposition to apartheid as "communism." That may seem incredible to American viewers, but it happened. The brutality of some white policemen may also seem unbelievable; but the police have beaten prisoners to death, and unarmed men, women and children were moved down at Sharpeville.

By no means all American conservatives are insensitive to the cruelty of racism in South Africa. Conservative Republicans played an important part in enlarging congressional understanding of the issue. But Mr. Falwell and Peter Flaherty and their organizations matter. They and others have evidently made the decision to join Jesse Helms in defense of white South Africa. And they carry weight in the Reagan world.

"Mandela," the HBO film, has its gushy moments. But it is fundamentally accurate in its portrayal of the racial oppression that finally drove blacks to violent resistance in South Africa. It is accurate in the words and ideas of Nelson Mandela. Only someone with a heart of stone could see it and fail to be moved at the human toll of apartheid.

The New York Times.

## From Here On, Aquino Will Need to Show Results

By A. Lin Neumann

MANILA — The aftermath of the late August military led by Colonel Gregorio Honasan has pointed up the depth of President Corason Aquino's quandary: a military deeply alienated from the presidential palace, a belligerent and increasingly aggressive communist insurgency and a political center at war with itself.

Mrs. Aquino's cabinet has resigned and her closest advisers are at each other's throats. She must now begin the long process of rebuilding her government if she is to avoid losing her grip.

President Aquino has tried to build Western-style democracy in a nation whose direction is determined by family loyalties and the gun. She failed to use the mandate she won to build a populist base that could withstand pressures from left and right. Instead she concentrated on a new constitution and congressional elections.

The "new politics" once proclaimed as the legacy of her victory has become a hollow phrase. To survive the current climate of drift and the administration's unpopularity with the military, Mrs. Aquino is likely to use the cabinet shuffle to push the government firmly to the right, thus giving business and the military an even greater say.

With an alarming lack of government services at the provincial level compounding the threat of a nationwide offensive by communist guerrillas, she has few options. At one time she might have called for "productivity brigades" from her middle-class supporters or rallied the nation behind a vision of

change. Now, with her experiment in multiparty democracy at stake, the cabinet is likely to address the government crisis with tools associated with previous regimes: force and appeals to efficiency.

If she is to make clear that the government shakeup indeed represents a new direction, she will have to preside over a more streamlined government, which delivers services and clears a path for investment while committing much of the government's resources to the battle against the rebels.

As the new government devotes less time to labor rights and the demands of the rural and urban poor, harsher lines are likely to be drawn between populist, pro-left street protesters and their former allies in government. With such a formula, backed by the still considerable reservoir of good will that most Filipinos have for their president, Mrs. Aquino stands a chance of rescuing her regime.

The tragedy of the Aquino government is that the president and her advisers failed to see the military unrest as a symptom of the government's inability or unwillingness to set a clear course.

The limits test for political leadership under Mrs. Aquino has been willingness to "protect" Cory from unnamed dangers, as one senator recently put it. While she does not demand sympathy, something in the system has rewarded those who insist that the democratic ship is on course and that the Aquino

government has shown warning political wisdom. Even if the president can weather the alienation of her orphaned left wing, it may not be enough simply to put a conservative cabinet in place.

Colonel Honasan's brand of messianic military idealism may not be easily bought off with a cabinet reshuffle. The heart of military discontent revolves around opposition to General Fidel Ramos, the chief of staff. A complicated web of loyalties and betrayals grew out of the February 1986 revolution. If President Aquino is going to address the complaints of young officers, General Ramos might have to be sacrificed. But would that be wise? She would risk further erosion of her authority by allowing rebellious officers to dictate the terms of the military command.

What Mrs. Aquino must prove is that she can set a direction for her government. The widespread belief in Manila is that only Cory can keep the nation from chaos and civil war.

That, presumably, is why Colonel Honasan did not kill her when he had the chance, and why the government's many enemies still genuflect in the direction of the chief executive.

After 19 months, however, Mrs. Aquino may have reached the point where appeals to the faithful will not suffice. This time, results are needed.

The writer is the Manila correspondent for the San Francisco Examiner. He contributed this comment to the International Herald Tribune.

## Reagan Owes Kohl Help With Deutschlandpolitik

By Robert G. Livingston

WASHINGTON — Chancellor Helmut Kohl can pride himself on the outcome of his meetings with Erich Honecker, the East German leader. The chancellor extracted important human rights gains, agreed on a wide range of areas in which East and West Germans can cooperate and further enhanced the power of both Germanys to determine East-West relations in Europe.

By an adroit strategy before the meetings, Mr. Kohl also assured himself of President Reagan's support for a policy that is bringing Germans together and combining the strengths of their two separate states.

It is within this context of Deutschlandpolitik — Mr. Kohl's policy of improving relations with East Germany — that the White House must understand his decision late last month to give up West Germany's only medium-range missiles.

Only some in Washington, the decision looked surprising. It clearly weakened West Germany's nuclear defense. But Mr. Kohl's concession opened the way for last week's trip to Washington by Soviet Foreign Minister Eduard Shevardnadze, a U.S.-Soviet Euroatlantic agreement and the summit with Mikhail Gorbachev that Mr. Reagan wants so ardently.

Once again Mr. Kohl has put Mr. Reagan deeply in his political debt. The chancellor handled the Reagan administration the sole foreign policy success of its first term. In 1983 he agreed to deploy new American intermediate-range nuclear missiles on German soil, despite opposition by three-quarters of the public. The price

he later exacted for this support of an ally was the visit by President Reagan to Bitburg to honor Germany's war dead, including soldiers of the SS.

What will be Mr. Kohl's price for his most recent show of loyalty to his ally, his agreement to withdraw the very same missiles whose deployment he so courageously put through in 1983 and to scrap West Germany's own few Pershing missiles?

What the chancellor wants this time is unquestioning White House support for Deutschlandpolitik. Not only is American backing for this national policy essential for Mr. Kohl, it is irreplaceable.

The Federal Republic's neighbors have suffered grievously from a powerful Germany in the past, first from the Kaiser, then from Hitler. Their memories are long. The French, Poles, Russians, Dutch, Danes and British worry about too much German-German togetherness. They will never countenance the Germans' reunification in a single national state.

Only in America can Mr. Kohl expect more than pro forma tolerance for a policy that strengthens the combined role of the two Germanys. Even when that policy brings concrete human rights gains and seeks to dampen down every kind of East-West tension, European neighbors have long memories.

Impressive human rights advances have already resulted from the chancellor's policy, especially the right to travel, which East Germans value the most. Since he raised this issue with Mr. Honecker two years ago, the number of East Germans under retirement age permitted to visit relatives in West Germany has skyrocketed. From fewer than 100,000 in 1985, the number of visitors rose to nearly 600,000 last year and will probably reach 1.1 million this year. If retirees are included, the

total could reach 3.2 million this year. A few weeks ago, East Germany annulled the death penalty, the first Communist country to do so. Both actions were linked to the Honecker visit.

Beyond such immediate benefits lie the chancellor's long-term objectives. As it pays Mr. Kohl's price of backing for Deutschlandpolitik, the White House should understand what these objectives are. They do not encompass German reunification within any foreseeable period. Rather, the chancellor is starting to build a tightly interwoven relationship between the Germanys.

His policy is already rendering East Germany's wall irrelevant by making it permeable for East German travelers. Close collaboration between the Germanys would make war in Central Europe unthinkable and any Soviet threats to use military force there against the West would be ineffective. The Soviet Union's large armies would thus pose no threat to NATO defenses in West Germany.

Although Mr. Kohl has agreed to give up the American Euro-missiles and at least some U.S. troops that will likely follow, he is at the same time seeking supplemental arrangements to protect his country. He surely does not envision building up the West German army. Rather, he is trying to position the two Germanys so that together their common interests will assure that Soviet-American struggles elsewhere generate no fresh danger to Central Europe.

Washington should pay Mr. Kohl's price willingly. It should welcome his aim to substitute cooperation for confrontation in the heart of Europe. The predominance of a democratic, liberal and economically powerful Federal Republic in the new German-German relationship assures that advancement of human rights and freedoms will accompany Mr. Kohl's policy toward East Germany.

The writer is director of the American Institute for Contemporary German Studies at Johns Hopkins University. He contributed this comment to The New York Times.

## The War on Drugs Is Pending, Pending

By A.M. Rosenthal

NEW YORK — In Philadelphia, there were speeches and the ringing of bells. In Chicago, a concert before the baseball game at Comiskey Park. In Knoxville, Tennessee, a tree-planting ceremony. In New York, a man decided to hold a one-person observation of the 20th anniversary of the signing of the Constitution, so he plucked his naturalization certificate out of his files.

He looked at his picture on the certificate, remembered every moment of that day 36 years ago. It was good paper, still white and stiff and fresh, and there was satisfaction in quality so lasting; it seemed to show the government's own sense of respect for the occasion. He decided to frame it. Why not?

Then, like millions of other Americans, he turned on the television to watch the hearings on Judge Robert Bork's nomination to the Supreme Court and again felt a sense of warm approval for the Constitution and the governmental machinery of the United States. How fitting that this historically rich debate on the Constitution is going on now!

The members of the Senate Judiciary Committee ask sober, thoughtful questions. They want to show they are doing a good job. Fine. Then, unwelcome and annoying, came a thought to dampen the glow about the senatorial television performance. On another matter at least as important as the nomination of a Supreme Court justice, but never televised, that same committee is not doing its job at all. That job has to do with creating, for the first time, a national strategy for what used to be called the war against drugs.

To jog the memory, a bill that would give substance and direction to the "war" has been pending in the Senate Judiciary Committee — and pending and pending and pending. The anti-narcotics bill would pull together the work of 11 cabinet departments, 32 federal agencies and five other government-funded agencies. Believe it or not, there is now no real coordination among them on planning or spending, no national plan, supervision or priorities.

Law enforcement goals of stopping drugs at the source, in the countries in which they are being grown, often collide with diplomatic and political goals of keeping America's drug-growing allies from becoming too lawless and wild.

Nobody decides priorities on funds — how important the fight against drugs abroad is as compared to border controls and treatment centers. There is no national director to pull things together and tell the people what American plans are and what is being done.

The president says he is responsible. He is also the commander in chief, but does not find it unreasonable to have a secretary of defense.

The bill, introduced by Senator Joseph Biden, chairman of the committee, is no revolution. It would create a national anti-narcotics director at cabinet level with instructions to create and coordinate a national strategy. Just a little step, but it is like the first rung on a ladder. Difficult to climb up without it.

Due to the objections of bureau-

cratic turf-protectors, particularly Attorney General Edwin Meese, President Reagan opposes the bill. But now that it has sunk into some congressional minds that drugs and the spread of AIDS are closely related and that AIDS-carrying addicts may infect other people, including some people they might even know, it is possible that enough votes could be mustered for a congressional override of a veto.

That is, if it ever gets out of the committee and is put to a vote on the Senate floor. Right now the opponents of the bill have tied it up. Senator Strom Thurmond, helping the administration, has attached controversial amendments that have nothing to do with the bill, like a federal death penalty. Democrats cannot complete too loudly about irrelevance because they sometimes like to tie up administration-backed bills with unrelated amendments of their own.

The death penalty amendment, if it gets to the Senate floor, would face a filibuster led by Carl Levin. That would kill the anti-narcotics bill, which is the purpose of the amendments. You see how it goes.

Mr. Biden says that he is going to do his best to get a vote in the Senate, but that the "current situation could fairly be described as an impasse." It could also fairly be described as one more example of the use of parliamentary rules to kill important legislation.

But enough; let's turn on the set again and listen to the senators. There just won't be the same glow.

The New York Times.

## Terrorism Is Unwanted For Now

By Jim Hoagland

DAMASCUS — International terrorism is out of vogue here in the Syrian capital, somewhat in the way long headlines are disappearing in Paris. Western diplomats who muttered angrily a year ago about Syrian involvement in terror acts give Syria a clean bill of health today.

But the respite that seems to have been granted to the international travelers who are the terrorists' target of choice will not last long. As in the fashion world, the only constant in the terror business is change.

Terrorism, international opinion and diplomacy interact in what is becoming a clear cyclical pattern. Each phenomenon has its own force, and its own limits. The situation in Damascus is a case in point.

Responding to diplomatic sanctions, President Hafez al-Assad has finally shut down the Abu Nidal gang's operation here and has put under wraps the Syrian officials identified as having run the attempt to blow up an El Al airliner over London last year. The officials have not been punished, but they are in limbo. The head of air force intelligence, General Mohammed Khali, the most senior figure mentioned in the El Al plot, is due to be transferred to Moscow as ambassador, although he is resisting.

In return, the United States has sent back its ambassador after a 10-month hiatus. Except for Britain, Europe is also dropping the symbolic barriers that it erected around Syria after the El Al affair.

It is hard to argue with the Syrian assessment that Mr. Assad has paid a minimal price for improved relations with the West through this tightening up. His actions restore the tight grip that he likes to exercise in any event, and serve his interests in other ways.

Not everyone in official Washington is satisfied that Mr. Assad went far enough to justify a return to business as usual. There are those who argue that Syria should now be pushed to root out Abu Nidal's training camps operating on Lebanese territory under nominal Syrian control.

There is also the studied failure of the United States to emphasize the evidence gathered by Pakistan that Damascus airport was used as a staging point for the suspected Abu Nidal gunmen who attacked a Pan Am airliner in Karachi in September 1986. Private Syrian assurances that there was no government involvement in this have been quietly accepted.

This is distasteful. But those who argued in Washington for a new attempt at accommodation with Mr. Assad are undoubtedly right on the main count: What could be accomplished by international pressure on a regime like this one had been accomplished, and it was time to gather up the winnings, as meager as they may seem.

One of the pillars of Mr. Assad's survival for 17 years as the absolute ruler of a country known for the brutality of its politics has been his image of solidity and immovability under pressure.

He avoids making choices until he must, and refuses to make them under the appearance of pressure. He acted against Abu Nidal and General Khali only after it became apparent to the Syrian political elite that he had his own reasons to do so.

But anyone who would hope that a permanent change in the cycles of terrorism is under way must consider the other pillar of Mr. Assad's rule. He is ready to respond with brute force and to crush opponents if they challenge him directly.

That is not unique to Mr. Assad. Politics will continue to be violent in an Arab world beset by domestic rivalries, inadequate political institutions and the conflicts with Israel and Iran. Like other Arab leaders who intend to survive in this environment, Mr. Assad will maintain the instruments he needs to eliminate his enemies — whatever the international pressures.

Those instruments can all too easily be turned, with or without the ruler's knowledge, against soft international targets when the opportunities, and reasons, present themselves.

The poison is in the system, just as the vulnerability is in the Western system. Sending back an ambassador will not be enough to change that.

Consider the view of Georges Habbash, founder of the Popular Front for the Liberation of Palestine, which pioneered Palestinian hijacking and hostage-taking before deciding that it was too costly to the Palestinian cause in world opinion. International operations "are becoming more difficult" because of improved security, he said this week. "But I cannot be optimistic. People are thinking about how to overcome these obstacles right now. The West will find itself in 1988 with a new rise in such actions."

The Washington Post.

## IN OUR PAGES, 75 AND 50 YEARS AGO

### 1912: Aerial Mishaps

LONDON — The army airship Gamma met with disaster early yesterday morning [Sept. 20] near Devizes in Wiltshire. The dirigible had to descend hurriedly, and in doing so collided with a haystack. The car of the airship was smashed, but fortunately none of the six or seven officers aboard was seriously injured.

ROME — Lieutenant Boonigiovanni, of the army aviation corps, fell from a height of sixty meters today [Sept. 20] during maneuvers near Venice. His condition is considered hopeless.

NEW YORK — A telegram from Shenandoah, Iowa, states that Mr. Russell Blair, aviator, while making an exhibition flight, fell from a height of 300 feet and was killed.

SAN SEBASTIAN — Baron Pasquier, the aviator, fell into the sea at Foutabaria this morning [Sept. 20], but was rescued uninjured.

### 1937: Can't Read Notes

PARIS — Larry Adler, harmonica player from Baltimore, whose mouth-organ notes have been amazing London's musical comedy world for the past three years, cannot read a note in music. The best proof of that fact is not that Mr. Adler says so but that he is even willing to put it in writing. It goes almost without saying that a goes-along interview between reporter in Paris and a harmonica player in London can be effected only through a letter or a telephone.

A letter is better unless one is in a hurry. Neither Mr. Adler nor the reporter was in a hurry.



## Iran Trying to Persuade UN Security Council To Forgo Sanctions

By Youssef M. Ibrahim  
New York Times Service

NEW YORK — As the bloody conflict in the Gulf enters its eighth year, Iran is moving to halt an effort to impose international sanctions if it does not heed the United Nations Security Council's call for a cease-fire with Iraq.

Iran hopes to deflect the push for sanctions, which the United States championed, by dissuading other members of the council, especially the Soviet Union and China, from participating, according to Iranian officials and independent experts.

But interviews with these sources suggest that Iran's objective is not to end the war. While U.S. officials concede that the Iranians are softening their tone, they say they would be astonished if Iran accepted a cease-fire.

To press Iran's case, President Ali Khamenei, one of the four highest-ranking Iranian leaders, will address the United Nations on Tuesday, the first visit to the United States by a senior Iranian official since the fall of the shah in 1979.

Iran wants to make its point that Iraq invaded on Sept. 22, 1980, to topple the Iranian revolutionary government. Baghdad dates the conflict from Sept. 4, 1980, when Iran shelled the border.

According to Iranian officials, Mr. Khamenei will begin a campaign to show what an Iranian official described as the "human face of Iran," emphasizing that his country is a victim in a war that has destroyed cities, killed and maimed hundreds of thousands and made many more Iranians refugees.

Iranian officials say Tehran has been careful not to attack naval vessels of Western powers and has toned down its often-repeated demands for the overthrow of the Iraqi president, Saddam Hussein. Among other efforts, the Iranian president, who is ordinarily a severe hard-liner, will meet with U.S. press representatives privately and publicly and appear on television news shows in the United States.

But the Iranians say they cannot end the war with Iraq, mainly because of domestic pressures. Iranian officials and independent experts say that a "war lobby" in Iran makes it hard for the country's leadership to turn abruptly to peace.

Gary Sick, an Iran expert formerly on the staff of the White House's National Security Council, said the growing Iranian weapons industry, which supplies from 60 percent to 75 percent of Iran's needs, and the militant Revolutionary Guards, who are a prime force in fighting the war, have an interest in carrying on with it.

But Iranian officials note that the most important influence of this war lobby is nurtured by the estimated 3 million to 5 million people making up the families of the war dead, or "martyrs," and by thousands of refugees from regions affected by the bloodiest and costliest conflict in the Middle East in this century.

"Ours is a heavily politicized population," said an Iranian official, who asked not to be identified. "Part of our leadership legitimacy is that it promised to extract revenge for those who have suffered."

For its part, Iraq has been politically unable to admit that it blundered into the conflict, or to allow the United Nations to say so — as Iran is demanding.

The government in Baghdad fears that conceding its responsibility for the war would risk giving a green light to domestic opponents — from Communists to Arab nationalists — to challenge the right of the Baath Party to continue to rule.

Mr. Yousif, who was lured onto a boat in the Mediterranean Sea by FBI agents and arrested when it reached international waters, is facing trial for hostage-taking and air piracy in the 1985 hijacking of a Jordanian airliner.

"The retaliation is going to be within America," said the caller, adding, "Not a single American embassy throughout the Mediterranean will be spared if Fawaz Younis is not released within days."

**Clarification Song**  
The Lebanese Foreign Ministry sent a note Saturday to the U.S. Justice Department asking it to clarify its action in seizing Mr. Younis. The New York Times reported from Beirut.

rule Iraq, and its close Arab allies such as Saudi Arabia and Kuwait, open to demands for billions of dollars of reparations by Iran, said a former Iraqi minister who asked not to be identified.

Many Iranian officials and U.S. experts say the United States is also championing the sanctions effort partly for political reasons. They say the administration of President Ronald Reagan is seeking punishment of Iran because it perceives that such a move would be widely approved by Americans and by pro-U.S. governments in the Gulf.

## ASSAD: Syrian Leader's Conciliatory Tone Ends a Period of Diplomatic Confrontation With the U.S. Over Mideast Terrorism

(Continued from Page 1)

he said. He did not detail those reasons.

U.S. officials cited the closure of the Abu Nidal office as the primary factor in the decision to return Ambassador William L. Egleston Jr. to his post in Damascus on Sept. 2, and to remove barriers to U.S. oil companies operating in Syria.

Washington imposed these sanctions last autumn after Britain formally named Syrian officials who, according to the British, had helped stage an unsuccessful attempt to plant a bomb aboard an El Al airliner at London's Heathrow Airport. Britain broke diplomatic ties with Damascus as a result of this incident.

Disputes over terrorism, U.S. support for Israel and Syria's role in Lebanon have kept tensions high between Washington and Damascus for nearly four years. They exploded into military action in 1983 when two U.S. fighter-bombers attacking Syrian positions in Lebanon were shot down and a U.S. Navy ship taken prisoner by Syria.

The U.S. bombing of Libya in April 1986, and the increasingly pointed accusations leveled by the United States and Israel about Syrian involvement in terrorism at the same time, produced a new crisis that continued until this spring, when U.S. officials said they became convinced that Mr. Assad had moved decisively to prevent Syria from being used as a planning or staging ground for terror operations.

Mr. Assad's remarks were interpreted by a palace official from Arabic into English.

The removal of the most important U.S. sanctions also coincides with Syria's hosting this month of the Mediterranean Olympic Games in the port city of Latakia, where the Syrian leader spent most of last week.

Mr. Assad's mood Saturday was buoyant. His confident demeanor was that of a leader who has re-established unchallenged political authority at home and now broken out of diplomatic isolation abroad.

He also optimistically predicted that Syria was gradually overcoming the severe economic problems of recent years with the help of new petroleum, diamond and other mineral discoveries.

An air force general when he and other military officers seized power in 1970, Mr. Assad has imposed a strong grip on the once turbulent country, using multiple internal intelligence agencies and dividing the power of his military commanders to prevent the kind of intrigues that toppled his predecessors.

Under Mr. Assad, Syria has projected an image of being the most adamant Arab foe of Israel and has amassed a powerful arsenal of sophisticated weapons supplied by the Soviet Union. Syria has been widely regarded in recent years as the Soviet Union's closest ally in the Middle East.

Mr. Assad also has fashioned a political alliance with Iran in reaction to his bitter feud with Saddam Hussein and has made Syria the only important Arab country to support non-Arab Iran in the seven-year Gulf war.

Mr. Assad's repeated emphasis Saturday on the unchanging nature of Syria's policies and tactics in all

## New Caledonia's Future: The Referendum 'Settled Nothing'

Dominique Masi, deputy director of the French Institute of International Relations, is an independent analyst and diplomatic commentator. Talking with Joseph Fitchett, the IHT's political correspondent, he analyzed the outlook for New Caledonia, the French territory in the Pacific, after voters there rejected independence in a referendum earlier this month. On a visit there Thursday, Prime Minister Jacques Chirac announced new measures of autonomy for the island territory.

Q. Did the referendum settle New Caledonia's future? Will it end local unrest and silence Pacific nations' criticism of France's policy there?

A. It settled nothing. The French government is emphasizing that that democracy and legality were respected, but the vote is irrelevant to the crux of the problem—the indigenous Melanesian minority's feeling of injustice. So actually the

vote and its outcome may end up complicating matters.

Q. Doesn't the outcome — 57 percent of the electorate opposed to independence — provide a clear-cut picture of what New Caledonians want?

A. Not really. New Caledonia will get more local self-government, but the

with charges from Australia, New Zealand and even Japan?

A. No, it's neo-colonialism. Neo-colonial because the settlers outnumber the native community instead of being vastly outnumbered the way they were, say, in Algeria. But it resembles a classic colonial situation in the sense that there are systematic inequalities—in power, property, education — between the indigenous Melanesians and the settlers, who include both Europeans and Vietnamese immigrants. The situation will fester until this problem is tackled seriously.

Q. Why did the Chirac government pursue the referendum approach?

A. Largely for domestic political reasons. Chirac wanted to score points against the previous Socialist government, showing up its fumbling attempts to get all sides to agree on a compromise formula in New Caledonia. It was a safe

political gambit because the outcome of the voting was a near certainty since the Melanesians are in the minority. Chirac is playing on French chauvinist feelings, hoping that his success in New Caledonia will add some luster to his image in France six months before the presidential elections.

Q. Are you saying that France should have made New Caledonia independent?

A. Not at all. The government is right in contending that France needs to maintain a presence in New Caledonia. But its approach runs the risk of producing the diametrically opposite outcome, exposing the French presence to growing criticism and pressure. France didn't need such a high profile, the French could remain present in subtler ways. France has maintained a major military presence in Djibouti, which is now an independent nation. France needs Pacific bases to

protect its nuclear testing there. But one of the most dangerous threats to that nuclear program comes precisely from accusations of French neo-colonialism in New Caledonia.

Q. Don't you think the referendum strengthens France's ability to crack down, legitimately, on agitation in New Caledonia?

A. Undoubtedly. And I'm convinced France has the ability to keep the lid firmly on New Caledonia for a while. The question is, for how long? At what cost? Inevitably, charges of neo-colonialism are being amalgamated with the resentment in the Pacific against France's nuclear tests. Even the United States, which has been discreetly supportive of France, will eventually be influenced by the chorus of criticism. The referendum, at best, has only postponed the problem. At worst, it may boomerang against France.

### MONDAY Q&A

French settlers there, who control the local institutions, are liable to abuse their new powers instead of practicing enlightened generosity. The referendum has reinforced the mood of self-righteousness among these non-Melanesian settlers, who are the majority. So the referendum will have the effect of aggravating tensions between the two factions.

Q. Are you saying that New Caledonia is a case of French colonialism, agreeing

whether changes in the Soviet Union's Middle East policies were affecting Syrian-Soviet relations. Under Mikhail S. Gorbachev, the Soviet dialogue with Israel and emphasized that they will supply only defensive weapons to Syria.

Mr. Assad insisted that Soviet shifts would not affect Syria's declared objective of obtaining "strategic parity," or matching Israel militarily, a goal that now appears increasingly distant to trained observers in Damascus.

"Strategic parity should be achieved, and there is no change or rethinking of our attitude in this regard," Mr. Assad said. "Any country that desires a just peace in this region should view the strate-

gic parity that we are seeking as a fundamental, positive factor in achieving peace."

The Syrian president expressed no opinion on the impact of the violent demonstrations that led to the deaths of at least 400 people in Mecca, Saudi Arabia, on July 31 other than to reaffirm Syria's opposition to calls in the Arab world to break relations with Iran.

"After Mecca, some Arabs wanted to change relations with Iran and some changes were discussed," Mr. Assad said. He added, "It is against the interests of the Arabs to break relations with Iran."

In Lebanon, a number of Western and Arab leaders see Mr. Assad's forces facing an increasing threat from Hezbollah, or Party of

God, the fundamentalist Shiite Muslim militia, which is aligned with Iran and resists Syrian authority. Mr. Assad indicated that the Iranian-inspired presence is only one part of his problem.

"It is very difficult to ascribe responsibility for all the violence to Hezbollah," he said. "The responsibility of Hezbollah in internal violence is less than the others."

Asked whether the 7,000 Syrian troops deployed to west Beirut last winter seek to contain Hezbollah in its stronghold inside Beirut's southern suburbs, Mr. Assad said such an idea was "unrealistic."

"We are seeking to spread security in Lebanon through reconciliation," he said. "We are trying to have the civil war not return to the hot stage it was."

# "TOGETHER"



## Reprisals Threatened In FBI Arrest

United Press International

BEIRUT — A clandestine group threatened Sunday to strike at American interests if the United States does not release a suspected Lebanese Muslim hijacker arrested last week by FBI agents, the Christian Voice of Lebanon radio station said.

In a telephone call to the station, an anonymous caller speaking on behalf of the "Islamic Brigade" warned "the American government against the continuing detention of Fawaz Younis."

Mr. Younis, who was lured onto a boat in the Mediterranean Sea by FBI agents and arrested when it reached international waters, is facing trial for hostage-taking and air piracy in the 1985 hijacking of a Jordanian airliner.

"The retaliation is going to be within America," said the caller, adding, "Not a single American embassy throughout the Mediterranean will be spared if Fawaz Younis is not released within days."

**Clarification Song**  
The Lebanese Foreign Ministry sent a note Saturday to the U.S. Justice Department asking it to clarify its action in seizing Mr. Younis. The New York Times reported from Beirut.

"This is highly irregular conduct," said a Foreign Ministry official, who spoke on the condition of anonymity.

Lebanon's justice minister, Nabih Berri, said he had instructed "the government to follow the law."

## Euromarts At A Glance

Eurobond Yields		Sept. 18	Sept. 19
U.S. & Int'l Govt, 5 yrs & over		10.00	9.97
public treasury, 5 yrs & over		9.85	9.82
other treasury, 5 yrs & over		9.99	9.91
other treasury, 5 to 7 yrs		10.01	9.97
Private, 5 to 7 yrs		10.51	10.52
Foreign, 5 to 7 yrs		10.54	10.50
ECU, 5 yrs & over		8.95	8.96
5 to 7 yrs		8.98	8.93
Govt, 5 to 7 yrs		10.09	10.10
Corp, 5 to 7 yrs		12.24	12.43
M&E, 5 yrs & over		14.38	14.67
Yield, 5 yrs & over		6.29	6.19
3 to 7 yrs		5.85	5.88

Source: Luxembourg Stock Exchange.

### Weekly Sales

Primary Market		Sept. 18	Sept. 19
Weight		288.30	277.00
Value		188.30	148.00
Price		65.30	53.30
Total		1,522.50	282.70

Source: Euroclear, Codel.

### Liber Rates

1-month		Sept. 18	Sept. 19
U.S. & Int'l		7.91%	7.91%
Domestic		4%	4%
Foreign		10.11%	10.11%
French franc		7.13%	7.13%
ECU		7.91%	7.91%
Yen		4.51%	4.51%

Source: M&E on Guaranty, Lloyds Bank, Reuters.

Europe has become a global community. To help it grow we have to get together. Because, together we can bring new qualities to our lives here in Europe. We can enjoy new ideas, new challenges and new life styles. So let's get to work on tomorrow, today.

Already, we're co-operating in twelve European nations. We've established financial teams in London and Haarlem to raise financing in Europe for investment in Europe. And in communities where we do invest, we operate on the principle that our activities should pay dividends for the host community.

Together we've also built manufacturing facilities in England, Germany and France. In locations that benefit both the community and our production plans. And we're also pleased to have increased our technical tie-ups with European partners in the areas of semiconductor research and product design.

Where possible, we find European sources for the materials we use in our products. Such as silicon polycrystal from Bavaria, considered by many to be the finest polycrystal in the world.

For years, we've involved ourselves in co-sponsoring various events in Europe. From classical concerts in London to Japanese sumo wrestling in Paris. And we even sponsor a team in the Tour de France.

We are a leading integrated electronics manufacturer. And all of the above examples embody our wish to bring new qualities to our lives. Not merely by selling our products, but by making real contributions to our communities and our daily lives.

From a manufacturing facility in Brittany to an art exhibition in London, our wish is to bring new qualities to the lives of people all over Europe.

And with your help, that isn't just wishful thinking.

In Touch with Tomorrow  
**TOSHIBA**  
TOSHIBA CORPORATION







# EUROBONDS

## Italy and Sweden Set Terms, Ending Lull in Eurodollars

By CARL GEWIRTZ  
 International Herald Tribune

PARIS — Italy and Sweden broke the two-week lull of new-issue activity in the fixed-coupon sector of the Eurodollar bond market last week, a defiant move in a market where buyers are on strike. The secret of their success was to recognize that investors are unwilling to commit new cash in a market clouded by uncertainties about the upward drift of interest rates and the depreciation of the currency.

Adapting to these conditions, both issuers targeted their paper to worried investors already overclouded with dollar bonds. Terms on the new issues were set to make a compelling case for investors to sell bonds they owned to raise cash to buy the new paper. The high quality of the issues, the very short maturity of the new issues and the relatively high yield over comparably dated U.S. Treasury paper are exactly the kind of protection investors want if they are obliged to remain invested in dollar bonds.

Italy set a margin of 60 basis points, or 0.6 percentage point, over comparably dated U.S. Treasury paper, while Sweden came with a margin of 59 basis points. Italy rarely taps the market in its own name and more often appears as guarantor of paper issued by state-owned entities.

Sweden, a prolific borrower, most recently paid a margin of 40 basis points over the Treasury yield. Thus, the high margins both issuers offered were considered attractive.

Italy's three-year offering was quite large, \$1 billion, which will be used to repay existing floating rate debt. Sweden's \$350 million of five-year paper was small by comparison but still the largest single fixed-rate offering yet floated by the government in this market.

Although both issues ended the week trading at discounts slightly larger than the fees paid to underwriters, this was considered quite a good performance given the gloom prevailing in the market.

Generous pricing also helped Turkey place 200 million Deutsche marks of five-year bonds. These were priced at a par bearing a coupon of 7 percent, a pick-up in yield of about 1½ percentage points over what Österreichische Kontrollbank offered. Raising the same amount of money for the same maturity, the Austrian bank set a coupon of 5½ percent with an offering price of 100¼ and had trouble finding buyers.

However, neither the mark nor the yen bond markets attracted investors. The concern there is that tax cuts and increased spending both West Germany and Japan are undertaking will translate into a higher level of deficit financing and higher interest rates.

The overall mood of all bond investors is that they have nothing to lose by sitting on the sidelines — in no major market are interest rates likely to fall, setting off a rally — and everything to gain by waiting to see where interest and currency rates stabilize.

Worth noting is the fact that despite the updrift in interest rates, liquidity in all the major markets remains abundant. The behavior of the stock markets says that money is not pouring into equities, but the shape of the yield curve suggests that the cash is being parked in short-term deposits.

At the end of June, rates on short-term money ranging from one month to one year were nearly identical. Today, there is a half-percentage point difference, with rates stepping up as the maturity lengthens. These step-ups widen the further out the maturity goes into the capital markets, reflecting investor wariness about the long term, and the abundant liquidity in the very short-term market.

Japan remains the most liquid market of all, and to a considerable extent the way the Japanese invest their cash will set the tone for others to follow. At present, the Japanese are in a holding position, preparing their fiscal half-year reports for the end of September.

However, bankers in Tokyo report that foreign investment may subside as there is a substantial increase in loan demand from domestic companies building inventories and raising working capital. Borrowing from banks at the long-term prime rate of 5.5 percent is cheaper than paying 6 percent to issue five-year bonds. This increase in loan demand will leave the major financial institutions with less cash to invest in stocks and bonds.

The market last week also saw a convertible bond from a British company that was notable for the way it addressed the pre-emptive rights of existing shareholders.

Under British rules, shareholders either must approve any increase in the shares outstanding or be given rights to purchase the new shares to prevent any significant dilution of their holdings.

# Currency Rates

Cross Rates	Sept. 18	Sept. 19	Sept. 20	Sept. 21
Australian \$	1.285	1.284	1.284	1.284
Belgian franc	20.360	20.355	20.355	20.355
British pound	1.635	1.635	1.635	1.635
Canadian \$	1.285	1.284	1.284	1.284
Deutsche mark	1.785	1.785	1.785	1.785
French franc	6.555	6.555	6.555	6.555
Italian lire	2036.0	2036.0	2036.0	2036.0
Japanese yen	163.5	163.5	163.5	163.5
Swiss franc	1.485	1.485	1.485	1.485
U.S. dollar	1.000	1.000	1.000	1.000

Other Dollar Values	Sept. 18	Sept. 19	Sept. 20	Sept. 21
Argentine peso	2.485	2.485	2.485	2.485
Australian \$	1.285	1.284	1.284	1.284
Belgian franc	20.360	20.355	20.355	20.355
British pound	1.635	1.635	1.635	1.635
Canadian \$	1.285	1.284	1.284	1.284
Deutsche mark	1.785	1.785	1.785	1.785
French franc	6.555	6.555	6.555	6.555
Italian lire	2036.0	2036.0	2036.0	2036.0
Japanese yen	163.5	163.5	163.5	163.5
Swiss franc	1.485	1.485	1.485	1.485
U.S. dollar	1.000	1.000	1.000	1.000

Forward Rates	30-day	60-day	90-day	180-day
Germany	1.485	1.485	1.485	1.485
France	1.485	1.485	1.485	1.485
Italy	1.485	1.485	1.485	1.485
Japan	1.485	1.485	1.485	1.485
UK	1.485	1.485	1.485	1.485
US	1.485	1.485	1.485	1.485

Stock Indices	Sept. 18	Sept. 19	Sept. 20	Sept. 21
DJ Industrials	2,524.44	2,524.44	2,524.44	2,524.44
DJ 30	2,524.44	2,524.44	2,524.44	2,524.44
DJ 100	2,524.44	2,524.44	2,524.44	2,524.44
S & P 500	2,524.44	2,524.44	2,524.44	2,524.44
NASDAQ	2,524.44	2,524.44	2,524.44	2,524.44

Money Rates	Sept. 18	Sept. 19	Sept. 20	Sept. 21
3-month T-bill	7.1/8	7.1/8	7.1/8	7.1/8
6-month T-bill	7.1/8	7.1/8	7.1/8	7.1/8
1-year T-bill	7.1/8	7.1/8	7.1/8	7.1/8
3-month Eurodollar	7.1/8	7.1/8	7.1/8	7.1/8
6-month Eurodollar	7.1/8	7.1/8	7.1/8	7.1/8
1-year Eurodollar	7.1/8	7.1/8	7.1/8	7.1/8

Commodity Prices	Sept. 18	Sept. 19	Sept. 20	Sept. 21
Crude oil	22.50	22.50	22.50	22.50
Natural gas	2.50	2.50	2.50	2.50
Gold	375.00	375.00	375.00	375.00
Silver	16.50	16.50	16.50	16.50
Copper	3.50	3.50	3.50	3.50
Aluminum	1.50	1.50	1.50	1.50

Other Data	Sept. 18	Sept. 19	Sept. 20	Sept. 21
Oil prices	22.50	22.50	22.50	22.50
Gold prices	375.00	375.00	375.00	375.00
Silver prices	16.50	16.50	16.50	16.50
Copper prices	3.50	3.50	3.50	3.50
Aluminum prices	1.50	1.50	1.50	1.50

## How a Texan Turned a Dream Into a News Empire



William Dean Singleton

By Alex S. Jones  
 New York Times Service  
 DALLAS — Less than four years ago, William Dean Singleton had no newspapers and no money to speak of — only a yearning to own a newspaper chain. By the end of this year, if all goes according to plan, the newspaper chain run by the 36-year-old Texan will be worth an estimated \$1.2 billion, with Mr. Singleton owning roughly one-third of that.

Though he has been building his chain since 1984, Mr. Singleton

ton marched into newspaper publishing's big league last week by announcing that Media News Group Inc., the umbrella corporation for his privately held group of papers, plans to pay \$95 million for The Denver Post.

Four days earlier, Media News announced plans to buy The Houston Post for \$150 million. It will add these major dailies to its chain of nearly 60 newspapers, weeklies and dailies, including The Dallas Times Herald, which the company bought last year for \$110 million.

By combining his entrepreneurial drive and experience as a tough manager with the financial clout of others, Mr. Singleton, who grew up poor in Texas and went broke trying to found a newspaper chain when he was 24, has assembled one of the largest U.S. newspaper groups.

His partners, Richard B. Scudder, a New Jersey newspaper owner, and Media General, a communications conglomerate based in Richmond, Virginia, have provided the cash. The only money Mr. Singleton has invested personally is the \$200,000 he borrowed from Mr. Scudder in 1983 to start his chain.

Mr. Singleton has shown a willingness to pay top dollar for newspapers. With the Houston and Denver papers, Media News, with total circulation of more than 1.3 million, will become the

11th-largest U.S. newspaper group, according to Motion Research, which also figured the group's dollar value, based on estimated annual revenues of \$600 million.

Mr. Singleton unabashedly embraces the role of newspaper magnate. "I want to die and at the funeral have a lot of people stand around and say, 'Dean Singleton built a hell of a newspaper company,'" he said at his corporate headquarters in Dallas.

He added that he wants his papers to be good; his reputation as one of the tightest, toughest managers in newspapers holds little appeal for him. And with his recent purchases, Mr. Singleton has in a sense demonstrated that the assurance of big profits is not the only reason he will buy a newspaper.

The big chains shun competitive markets, but he is brazenly challenging the belief that it is folly to buy the second-ranked newspaper in a two-paper town. His papers in Dallas, Houston and Denver all trail their rivals in circulation and advertising market share.

In addition, all three cities are economically depressed, because of the flagging energy industry. He must generate cash from these local economies to pay for his papers, since most of their com-

See SINGLETON, Page 13

### Singleton's Holdings

Largest daily newspapers acquired by William Dean Singleton since Jan. 1, 1984.

Newspaper	Location	Daily Circulation
The Houston Post	Houston	316,209
The Dallas Times Herald	Dallas	248,570
The Denver Post	Denver	227,105
The North Jersey Herald News	Passaic, N.J.	68,055
The Johnstown Tribune-Democrat	Johnstown, Penn.	51,080
The Daily Review	Hayward, Calif.	48,575
The News	Paterson, N.J.	41,467
The Yakima Herald Republic	Yakima, Wash.	39,043
The Daily Journal	Elizabeth, N.J.	31,987
The Dispatch	Union City, N.J.	30,701

\*According to company reports

Source: Audit Bureau of Circulations

The New York Times

## IMF to Meet Against Backdrop of 'Policy Stalemate' in Industrial World

By Hobart Rowen  
 Washington Post Service

WASHINGTON — Against a backdrop of turbulence in financial markets and persistent huge trade imbalances, the World Bank and International Monetary Fund will meet here next week, with no sign that the major nations are ready, or able, to take significant steps to improve their economic performance.

In separate annual reports, the bank and IMF last week predicted continued sluggish growth in the year ahead. They called on the United States to trim its budget deficit, and on Japan and the European nations to take global leadership by expanding their economies.

Financial analysts have predicted that in the absence of such moves, the major powers will be unable to keep exchange rates stable, which could lead to another sharp decline of the dollar, and possibly to a global turmoil.

But the prospects for new measures to promote international cooperation appear minimal for the three day World Bank-IMF meeting starting Sept. 29, and for the policy-making sessions that precede it. Those sessions include the Group of Five major powers, the United States, Japan, West Germany, France and Britain; the Group of Seven, which adds Italy and Canada; and the IMF Interim Committee.

"Without saying that there won't be some additional agreements in respect to our policies," a senior Reagan administration official said in an interview, "I think it's a mistake to expect such agreements every time there is an international economic gathering."

"Just because there's a G-7 meeting routinely around the fringes of the IMF and World Bank meetings, you shouldn't look for macroeconomic policy changes until circumstances call for them, and until



The World Bank president, Barber B. Conable Jr., left, with Michel Camdessus, managing director of the IMF.

the time is ripe to get them," he said. The official said there is some- thing of a policy stalemate now. Japan and West Germany are being urged by the United States to

## Yugoslavs Seek 3-Year Delay in Debt Repayment

Reuters

BELGRADE — Yugoslavia will seek a three-year moratorium on repayment of its \$19 billion foreign debt, Prime Minister Branko Mikulic has said.

Mr. Mikulic, in comments reported Saturday by the official Tanjug news agency, said Yugoslavia needed the time to make its economy more productive and export-oriented.

The exact nature of the moratorium was not made clear. Yugoslavia, which has rescheduled its debts regularly since 1983, was due to repay a total of \$5.5 billion this year.

Tanjung said the moratorium had been approved by the collective state presidency and the presidency of the ruling Communist Party.

Mr. Mikulic, speaking to economists at the Zagreb International Fair, said Yugoslavia had not taken sufficient advantage of earlier postponements in debt repayment.

He said the present rate of repayment placed too heavy a burden on the economy, which suffers from a 115-percent annual inflation rate and low productivity.

Mr. Mikulic said half the foreign debt had been incurred through bad investments and excessive spending.

"If we reach satisfactory arrangements with foreign creditors again," he said, "we must have our own program of economic restructuring and other reforms. Otherwise we would be heading for even deeper crisis."

Yugoslav officials said talks with creditors that had been scheduled for this month have been postponed, possibly until next month. Preliminary debt talks with International Monetary Fund officials opened last week in Belgrade. No details have emerged.

In May, Yugoslavia rescheduled part of its debt due in 1987 and 1988 with 16 Western creditors and commercial banks, but in July it missed repayments of \$245 million due to a hard currency shortage.

Government figures show that Third World countries owe Yugoslavia's net foreign debt had been reduced by \$750 million this year.

expand their economies, which would enable them to boost their imports from this country. But they are not prepared to make new commitments for domestic expansion, claiming that the burden falls on the United States to further reduce its budget deficit.

Pending congressional action, the official said, the administration cannot make additional promises on budget reduction or pressure its allies.

But the official added that the United States "will be in a very strong position to seek additional measures, if necessary, from our trading partners, if we are able to come up with a reasonable budget deficit reduction law or package for fiscal 1988, because of the great performance we've had in 1987."

Attention at the meetings will focus on the dollar and banking problems around the world; on the Third World debt problem; on Bra-

zil's proposal to convert some of its \$110 billion debt into bonds, and on other proposals to relieve poorer nations' debt.

The meetings also will mark the debut of Michael Camdessus, managing director of the IMF, who will make his first speech to an annual meeting, and of the Federal Reserve Board chairman, Alan Greenspan, who will be attending his first sessions as deputy IMF governor for the United States.

Delegates will also be anxious to probe rumors that Treasury Secretary James A. Baker 3d, the administration's lead policy maker on economic issues, may quit to help out in the George Bush presidential campaign.

In a speech last week, Mr. Baker denied that he was about to resign. Sources say a Baker resignation is not likely to happen until after the end of the presidential campaign. See IMF, Page 13

## Plan to Ship Iran Oil Via Soviet Faces Obstacles

United Press International

NEW YORK — A plan for Iran to export 700,000 barrels of crude oil a day across Soviet territory faces technical and political obstacles, Petroleum Intelligence Weekly said Monday.

Iran, which has no outlet for its oil exports except through the Gulf, announced a plan last month to convert part of all of its 700 mile (1,130 kilometer) gas trunkline system to carry crude oil to the Soviet Union within a year.

The oil journal said a survey of regional specialists and oil experts familiar with Iran's pipeline system "suggests considerable skepticism unless the program gets high enough political priority in both the Soviet Union and Iran to bulldoze technical roadblocks."

The pipeline, which runs from the Agha Jari oil field area in southern Iran to the Soviet border near Astrakhan on the Caspian Sea, was

opened in 1970. But Iran cut off gas deliveries of 1 billion cubic feet a day to the Russians in 1980 after a price dispute.

The journal said a more practical goal for Iran would be to ship about 200,000 barrels of oil a day through the northern portion of the pipeline system. It estimated this approach could cost \$250 million and take a year.

In the Soviet Union, the oil pipeline from Baku to the Black Sea has a capacity of only 280,000 barrels a day, the oil journal said. "Reconverting the full length of the Iranian gas line to crude would double the costs to over \$500 million," the journal said.

Tehran and Moscow announced last month that they had reached general agreement to develop large economic projects.

But the weekly noted: "Iran has long been distrustful of Soviet objectives, the more so

since Moscow continues to be a principal Iraqi arms supplier."

Iran awarded a \$1 billion oil pipeline contract on Sunday to a consortium led by Japan and Italy, Reuters reported from Baghdad. The pipeline, to be completed in two years, is expected to boost Iraqi exports to prewar levels of more than 3 million barrels per day.

Diplomats said the companies that won the contract were Mitsubishi Heavy Industries of Japan; Saipem SpA, Snamprogetti SpA and Siderexport SpA of Italy; Hyundai Engineering & Construction Co. of South Korea; and Spiecapag of France. A competing bid by a group of West German companies was rejected.

The 600-mile (1,000-kilometer) pipeline will carry 1.15 million barrels per day to the Saudi Arabian port of Yanbu on the Red Sea.

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## Thorns on China's Road to GATT

Subsidies, Exchange Rates May Hurt Beijing's Chances

Reuters

BEIJING — China, needing hard currency to finance the modernization of its economy, is eager to join GATT, the 94-nation body that sets standards for world trade.

But the weakness in China's membership application is that its foreign trade system is riddled with subsidies and varying exchange rates, both forbidden under the free trading rules of the General Agreement on Tariffs and Trade.

"There are all kinds of subsidies in our foreign trade, up to 50 percent of the production cost of some items," an economist with the Chinese Academy of Social Sciences said in an interview.

"Each producer negotiates separately with the foreign trade corporation, which bears the difference between production cost and export price," he said.

Industrial products were the main beneficiaries. Commodities such as oil and labor-intensive goods like handicrafts, textiles and garments did not need subsidies because of low labor costs.

The economist said there were also different exchange rates, which were not made public. The official published rate last week was 3.7221 yuan to the dollar, but the economist said some rates offered up to 5 yuan to the dollar.

GATT, which China sees as the best way for improved access to world markets, has submitted 300 questions to Beijing before ruling on its application.

A diplomat said a GATT working group would meet next month and the Chinese government was likely to have completed its answers by then.

In the past Chinese officials had given conflicting answers about subsidies and exchange rates. A State Statistical Bureau offi-

cial said in July that China had no export subsidies but did subsidize some imported raw materials, to make them cheaper for Chinese companies.

But the China Daily said in July that there were export subsidies, because producers preferred to sell to the domestic market, where demand exceeded supply and prices were stable, rather than abroad where competition was fierce and prices erratic.

The newspaper said subsidy reform was proposed several years ago but had not been implemented because companies feared they would not survive exposure to world prices and competition.

Another problem is finding out the real cost of production of a given item, a diplomat said.

In investigating anti-dumping actions against China, for example, the United States uses production costs of similar items in a comparable country because it cannot es-

tablish real costs within China. Beijing has called that unfair.

A diplomat said that even by visiting a factory, he could not be sure of learning the real costs because of price distortions or inaccurate reporting.

China's position, as set out in a memorandum to GATT in February, is that it is gradually bringing prices more in line with production costs and replacing administrative controls with market ones.

But one diplomat said China's entry into GATT would give the Western world a golden opportunity to encourage China to reform its trading system.

"The Western countries, which in principle support China's entry, have leverage they will never have again," he said. "Reformers within the government can use the negotiations to argue for cuts in high import tariffs and export subsidies."

## Investors World The Monaco Based Financial Newsletter

COMING SOON!

## GO WITH THE WIND

An intriguing prologue to a new issue in the exciting world of wind energy. A company that has already scooped world markets and won Government and Lloyds recognition for its products efficiency. One of the many stocks we recommend through our three-weekly newsletter.

This summer 90% of the 41 stocks we recommended won. If you'd like to know how to go with the wind and receive two free issues of our newsletter, fill in the coupon below and mail it to us. Autumn's on



OTC Consolidated trading for week ended Friday.

Selling										Selling										Selling										Selling										Selling									
1000s										1000s										1000s										1000s										1000s									
High										High										High										High										High									
Low										Low										Low										Low										Low									
Close										Close										Close										Close										Close									
Net										Net										Net										Net										Net									
Cnvs										Cnvs										Cnvs										Cnvs										Cnvs									
Adair	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	Adair	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	Adair	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	Adair	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	Adair	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	Adair

## Figures as of close of trading Friday

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New International			
	Amount (\$ millions)	Maturity	Coupon %
GOVERNMENT BONDS			
Canada	\$1.00	1992	2.5
France	\$1.00	1992	3.2
Germany	\$1.00	1992	3
Italy	\$1.00	1994	4
Japan	\$1.00	2015	4
Spain	\$1.00	1992	3.45
CORPORATE BONDS			
Aluminum	\$1.00	1992	3
Bank of America	\$350	1992	9%
Bank of Japan	\$1.00	1992	7
Bank of Korea	\$1.00	1992	5%
Bank of Mexico	\$1.00	1994	10%
Bank of New York	\$1.00	1993	11
Bank of Paris	\$1.00	1992	8%
Bank of Spain	\$1.00	1992	11%
Bank of Sweden	\$1.00	1992	11%
Bank of Switzerland	\$1.00	1992	11%
Bank of Taiwan	\$1.00	1992	12%
Bank of Thailand	\$1.00	1992	12%
TREASURY BONDS			
U.S. Treasury	\$1.00	1992	3%
U.S. Treasury	\$1.00	1997	open
U.S. Treasury	\$1.00	2002	open
U.S. Treasury	\$1.00	1992	3%
U.S. Treasury	\$1.00	1992	3%
U.S. Treasury	\$1.00	1992	open
U.S. Treasury	\$1.00	1992	3%
U.S. Treasury	\$1.00	2002	open
U.S. Treasury	\$1.00	2003	open
U.S. Treasury	\$1.00	2003	open



## New International Bond Issues

Compiled by Laurence Desvillettes

Issuer	Amount (millions)	Mat.	Coup. %	Price	Price and week	Terms
<b>FLOATING RATE NOTES</b>						
Civis VI	\$100	1992	0.25	100	—	Over 6-month Libor. Noncallable. Fees 0.10%. Denominations \$100,000.
Rash One	\$50	1992	0.25	100.10	—	Over 6-month Libor. Noncallable. Fees 0.10%. Denominations \$100,000.
JETS 2	\$55	1992	3/4	100	—	Over 6-month Libor. Noncallable. Fees 0.10%. Denominations \$100,000.
Laeda Permanent Building Society	£100	1994	3/4	100	—	Over 3-month Libor until 1990 and a minimum of 0.15 over thereafter. Redeemable at par in 1990 and 1992. Fees 0.10%.
TMC Securities Number 3	£100	2015	3/4	100	—	Over 3-month Libor. Average life 5 to 7 years. Fees 0.07%.
Milau Financial Services (Australia)	Aus\$30	1992	0.45	100.15	—	Below the 3-month Australian Bank bill. Redeemable at par on every interest payment date. Fees 0.15%.
<b>FIXED-COUPON</b>						
Italy	\$1,000	1990	9	100 1/4	99.00	Noncallable. Fees 1985. Denominations \$10,000.
Sweden	\$350	1992	9 1/4	101 1/4	99.50	Noncallable. Fees 1985.
Central Bank of Turkey	DM 200	1992	7	100	99.00	Noncallable. Fees 2%.
Oesterreichische Kontrollbank	DM 200	1992	5 1/2	100 1/4	98.25	Noncallable. Fees 2%.
Finland	DK 500	1994	10 1/2	99 1/4	—	Noncallable. Fees 1985.
Heron Int'l Finance	£50	1993	11	101 1/4	99.50	Noncallable. Fees 1985.
Eurofina	ECU 100	1992	8 1/4	101 1/4	98.25	Noncallable. Fees 1985.
Ford Credit Canada	CS 100	1992	11 1/4	101 1/4	99.50	Noncallable. Fees 1985.
Vienna City	CS 75	1992	11 1/4	101 1/4	99.38	Noncallable. Fees 1985.
Xerox Canada Finance	CS 90	1992	11 1/4	101 1/4	98.75	Noncallable. Fees 1985.
Denmark	NZ\$ 60	1989	17 1/4	101 1/4	99.50	Noncallable. Fees 1985.
Groupe Bruxelles Lambert	NZ\$ 50	1990	17 1/4	101 1/4	100.88	Noncallable. Fees 1985.
<b>EQUITY-LINKED</b>						
Hodagaya Chemical	\$50	1992	3 1/4	100	—	Noncallable. Each \$50,000 note with one warrant exercisable into company's shares of \$25 per share and at \$45.25 per share. Fees 2.5%.
Koppel	\$75	1997	open	100	99.38	Coupon indicated at 2 1/4 to 2 1/2. Callable at 102 in 1992. Convertible at an optional 4 to 4 1/2 premium. Fees 2.5%. Terms to be set Sept. 29.
Nippon Credit Bank	\$150	2002	open	100	98.00	Coupon indicated at 2 1/4. Callable at 102 in 1992. Convertible at an optional 2 1/2 to 2 1/2 premium. Fees 2.5%. Terms to be set Sept. 24. \$100 million issued in Europe and \$50 million issued in Asia.
Sanyo Aluminum Industry	\$70	1992	3 1/4	100	—	Noncallable. Each \$50,000 note with one warrant exercisable into company's shares of \$49 per share and at \$44.80 per share. Fees 2.5%.
Sekisui Jushi	\$30	1992	3 1/4	100	94.00	Noncallable. Each \$50,000 note with one warrant exercisable into company's shares of \$28 per share and at \$44.20 per share. Fees 2.5%.
Stanley Electric	\$100	1992	open	100	97.50	Coupon indicated at 2 1/4. Noncallable. Each \$50,000 note with one warrant exercisable into company's shares of \$28 per share and at \$44.20 per share. Fees 2.5%. Terms to be set Sept. 24.
Tokyo Rikutenchi	\$25	1992	3 1/4	100	—	Noncallable. Each \$50,000 note with one warrant exercisable into company's shares of \$28 per share and at \$44.20 per share. Fees 2.5%.
Williams (A.L.)	\$70	2002	4 1/4	100	101.00	Simultaneously, Redeemable at 108 1/2 in 1992 to yield 9.04%. Convertible at \$22 1/2 per share, a 2 1/2 premium. Fees 1.5%.
Metalgesellschaft Finance	DM 200	1997	6 1/4	125	124.00	Noncallable. Each note with warrants exercisable into shares of parent company of 370 marks per share, a 2 1/2 premium. Fees 2.5%.
London Int'l Group	£50	2002	open	100	101.75	Coupon indicated at 4 1/2. Redeemable in 1992 to yield 8 1/2 to 8 1/2. Convertible at an optional 2 1/2 to 2 1/2 premium. Fees 2.5%. Terms to be set Sept. 24.
Nest	£100	2003	5 1/4	100	—	Redeemable at 129 in 1992 to yield 10.46%. Convertible at 430 pence per share, a 20.26 premium. Fees 1.5%. Offered to shareholders via rights issue.

## EUROBONDS: Italy, Sweden End Eurodollar Lull

(Continued from first finance page)

ings. Until recently, British companies had the luxury of leaving up to 5 percent of new stock without seeking approval or offering preemptive rights. But a number of equity issues increasing the outstanding stock by 4.9 percent drew irate protests from institutional investors and the permissible discount rate was subsequently cut to 2.5 percent.

Next PLC, a chain of retail stores that is increasing its outstanding equity by 6 1/2 percent, launched the first convertible bond to be offered domestically and internationally.

Its £100 million of 15 1/2-year bonds carries a coupon of 5 1/4 percent and will be convertible into common shares at a 20 1/2 percent premium over the current price. If the share price falls to rise, investors have the option after five years to request early redemption of the bonds at a premium price of 129 percent of face value. This gives an effective yield of 10.46 percent, about 1 1/2 point more than the current yield on five-year government bonds.

Over the next three weeks, these bonds will be available only to existing shareholders, who have the right to buy £1 of convertible bonds for each 3.57 shares they own.

Normally, pre-emptive rights are offered to shareholders at a discount from the prevailing price of the shares. In this case, the discount is expected to be around 4 percent. This arises from the fact that the bond carries terms currently considered generous, although a big move in Next's share price or British bond prices could alter that assessment.

But at present the convertible bond would be expected to trade at a premium of about 4 percent over the par subscription price. However, the rights holders can buy the bonds at par.

For small shareholders who opt not to buy additional shares, the commission on selling the rights could eat up the income they re-

ceive from the sale. To protect them, unexercised rights will be sold and the income given to Next for distribution to the registered shareholders who are entitled to it.

The underlying convertible bond will then be available for sale to outsiders, with domestic investors receiving registered bonds and foreign investors receiving bearer securities.

## U.S. Again Presses Seoul On Appreciation of Won

Agence France-Press

SEOUL — The United States is again pressing South Korea to accelerate the won's appreciation against the dollar and allow more U.S. imports, officials said Sunday.

They were quoted as saying that Treasury Secretary James A. Baker 3d sent a letter Friday to warn that passage of a protectionist U.S. trade bill was unavoidable if Korea refused to let the won rise faster.

## BUSINESS ROUNDUP

## AmEx Quietly Funded Credit-Card Newsletter

Washington Post Service

WASHINGTON — American Express Co. has been financing, for more than a year and without acknowledgment, a newsletter that criticizes the interest rates charged by competing bank credit cards.

American Banker, a trade publication, said Friday that Bank Credit Card Observer, produced in Kendall Park, New Jersey, had received subsidies "likely to approach \$500,000" by the end of the year.

After the American Banker report was published, American Express and John C. Pollock, the newsletter's publisher, confirmed the arrangement.

Mr. Pollock acknowledged that he was getting a monthly grant of \$20,000 from American Express.

## Zambia Copper Mines Posts \$70 Million Loss

Agence France-Press

LUSAKA, Zambia — The state-controlled company Zambia Consolidated Copper Mines has reported an after-tax loss of \$62 million (70.2 million kwacha) for the year ended in March 1987. The chairman and chief executive, Francis Kamunda, said Friday that mineral export tax amounting to 760 million kwacha was primarily responsible for the loss. He said copper production had risen to 470,982 tons from 458,573 in the previous year.

## As Bond Rates Rise, a Comeback Is Expected in Credit Market

By Carl Gewirtz

International Herald Tribune

PARIS — Every cloud has its silver lining, and the cloud now hanging over the Eurobond market and the capital markets divisions of commercial banks may mean renewed glamour and profitability for the banks' long dormant but more traditional business of lending to industry.

During the five-year bull market in bonds, which saw long-term fixed interest rates drop from the high double digits to low single

digits, industry rushed to prepay bank loans and lock in long-term low-cost funds through the bond market.

But with bond market rates now rising and the economic outlook still uncertain, analysts expect business will flock back to the banks for medium-term credits while charges are still low and liquidity abundant.

Up to 1982 and the outbreak of the Latin American debt crisis, activity in the international credit market dwarfed that of the bond market. In 1983, volume in the two markets was about equal and since then the credit market has been eclipsed by the bond market. Last year, the volume of Eurobonds, at \$188 billion, was double the size of the \$93 billion credit market.

Figures published last week by the Organization for Economic Co-operation and Development show that this relationship has not much changed during the first nine months of this year, with Eurobonds at \$114 billion and credits at \$62 billion.

But with the bond market now stalled by investors' worries about interest and currency rate developments, some analysts believe that the volume of loans in the credit market this year will be about 30 percent higher than last year. That would be a tremendous leap considering that the pace of activity through August about matches the nine-month volume a year ago. These analysts expect most of the activity to be what they call "cautious borrowing," looking in

a medium-term line of credit while bank charges are still relatively low. The bulk of these credits are expected to serve as back-ups to the sale of Eurocommercial paper.

The outstanding volume of Euro-CP is now estimated at about \$43 billion, up from an estimated \$33 billion at year-end. In part this reflects the loss of liquidity in the floating rate note market and investor preference for the relative safety of CP, where there is less risk of capital loss at a time when interest rates are in flux.

With the recent rise in interest rates, investors have stepped up their purchases of these short-term securities. One major dealer reported the volume of outstanding paper distributed by his firm was up 15 percent from the end of July.

This increased demand has also had an impact on rates. Until now, this dealer reported, Euro-CP yielded on average around 28 basis points, or just over a quarter-percentage point, more than the rate

## Ford's Financial Corp. Bid Expected

By Richard W. Stevenson

New York Times Service

LOS ANGELES — Ford Motor Co. is expected to submit its first definitive bid for the troubled Financial Corp. of America soon, a Federal Home Loan Bank Board member said, suggesting that the fate of the largest U.S. savings and loan company may be decided later this year.

A bid by cash-rich Ford, which already owns First Nationwide Financial Corp. and has been eager to expand its financial services business, is likely to compete for bank board approval with a plan by Financial Corp. to split the struggling company into four parts.

The bank board member, Roger Martin, said that Financial Corp. presented its plan to him Sept. 14. This plan could be more attractive to the federal regulators than Ford's bid, because it is expected to be far less expensive.

Financial Corp. estimates that its breakup plan would require an infusion of \$1.2 billion to \$2 billion over 10 years by the Federal Savings and Loan Insurance Corp., compared with \$3 billion to \$4.5 billion under the outline of the plan Ford submitted earlier this year.

Financial Corp., based in Irvine, California, has been fighting to avert collapse for several years. It remains undercapitalized and highly sensitive to

interest rate increases, despite considerable progress by a new management team in cleaning up problem loans and increasing reserves.

Several entities have shown interest in acquiring Financial Corp. with government aid. But Ford has emerged as the only serious contender.

Industry executives said Financial Corp.'s breakup plan could provide both a less expensive alternative and bargaining leverage for the bank board in its talks with Ford.

Mr. Martin said the entire bank board would hear the company's plan later this month. He said he doubted that the bank board would agree to any deal that would cost the FSLIC \$3 billion or more.

Ford has more than \$9 billion in cash, a figure analysts say may reach \$11 billion by year's end, and has been looking for some earnings independent of the cyclical automobile industry.

In addition to its interest in Financial Corp., Ford supposedly was one of the bidders whose interest sent the shares of Transamerica Corp. bouncing upward recently. Ford also has figured in rumors swirling around Textron Inc. and, earlier, Lockheed Corp.

Ford is making money in record amounts. Recently, it reported profits of \$1.49 billion for the second quarter, bringing its earnings for the first six months of the year to almost \$3 billion.

## Troubled U.S. Utility Plans Restructuring

New York Times Service

MANCHESTER, New Hampshire — Public Service Co. of New Hampshire, financially drained by a \$2 billion investment in the dormant Seabrook nuclear power plant, has given details of a capital restructuring plan aimed at reducing the company's cash interest payments by \$143 million a year.

The company, which owes \$1.37

billion in long-term debt and suffers losses of \$1,100 a minute on Seabrook, plans to ask holders of some of its bonds and municipal debt to exchange them for new, longer-term bonds and warrants that pay interest in common stock rather than in cash.

Company officials called the restructuring plan "the largest ever in the electrical utility industry."

The proposal, filed Friday with the Securities and Exchange Commission, requires approval by Public Service's stockholders as well as the New Hampshire Public Utilities Commission.

Public Service owns one-third of the Seabrook plant, which has been denied an operating license because it lacks complete emergency evacuation plans.

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## YEN: Many Economists Now Expect It to Stay Strong

(Continued from Page 1)

rise. A higher yen should have reduced Japan's trade surpluses by making its exports expensive and by making imports more attractive. But the trade surplus, while it has dropped for the last four months, remains large. And America's trade deficit, a sizable portion of which comes from trade with Japan, reached a monthly record of \$16.3 billion in July.

By paying costs and cutting margins, Japanese companies have remained competitive, even at today's exchange rates.

"They're making a faster adjustment than almost anybody thought was possible," said Nicholas Sarantis, an economist for Salomon Brothers in New York.

That may mean that if political and economic pressures are to correct the trade imbalance, the yen

must rise further and the dollar must drop further. At the least, continued large trade surpluses with the United States suggest that the yen is unlikely to drop very far until the imbalances begin to correct themselves.

Just the expectations of a stronger yen are likely to have an impact. Japanese manufacturers, for example, might step up plans to build factories abroad, in the belief that a higher yen will price Japanese goods out of the market. Some institutional investors might become wary of large purchases of American securities, for fear of being hurt by exchange rate movements.

But the pace of the yen's surge has been slowing over the last 12 months, and some analysts think that trend may continue. They feel that the Japanese government will make efforts to prevent the yen from rising much more, and that

the U.S. government might try to curtail a further drop in the dollar.

Some Japanese economists say the yen is now overvalued in terms of buying power. One common measure of purchasing power parity is to take a basket of goods and price them in the United States in dollars and in Japan in yen. The exchange rate at which the amounts are equivalent is regarded by some experts as an indication of roughly where market rates are likely to drift.

One problem, however, is that estimates of purchasing power parity depend on what goods are priced. The Organization for Economic Co-operation and Development put the parity rate at 223 yen to the dollar and the Bank of Tokyo estimated it to be 180 to the dollar. Some economists even put it close to 150 to the dollar.

## U.S. Bonds Mixed Amid Pressure on Dollar

By Phillip H. Wiggins

New York Times Service

NEW YORK — Prices of government securities ended mixed Friday, after the dollar came under pressure overseas as speculation that the Group of Seven nations might lower their target range for the currency.

Bond prices had surged late Thursday on optimism that Congress could resolve the U.S. budget problems by amending the Gramm-Rudman law, which would pave the way for an increase in the debt ceiling.

But that optimism did not carry over for long to Friday's trading, as

the dollar opened lower on the speculation on the G-7 meeting in Washington this week.

Dealers said the dollar came under pressure overseas after news services carried a report from a

Japanese newspaper that the G-7 meeting was likely to reach tacit agreement to lower the dollar's "reference range" from its current 140 to 160 yen range to a range of 130 to 150.

By late in the day, the 8 1/2 percent bond due in 2017 was at 93 1/2, off 5/32, to yield 9.55 percent. But some medium-term securities rose.

The Commerce Department reported that the growth in the nation's gross national product in the second quarter was at a 2.5 percent seasonally adjusted annual rate — a revision from the 2.3 percent previously reported.

Source: New York Times.

## Japan's Credit Banks Seek Prime-Rate Rise

Agence France-Press

TOKYO — Japanese credit banks are seeking approval for a 0.3 to 0.4 point rise, effective Oct. 1, in their long-term prime rate, now 5.2 percent, to cope with a decline in bond prices abroad, banking sources said.

They said the Finance Ministry had opposed such an increase but now seemed to have changed its stance.

SELECTED U.S./J.C. QUOTATIONS			
Alan Jones Fit Stop	28 1/2	28 1/2	28 1/2
Bitter Corp.	1 1/4	1 1/4	1 1/4
Chiron	27 1/2	27 1/2	27 1/2
Goodmark Food	16 1/2	16 1/2	16 1/2
MAG Holdings	24 1/2	24 1/2	24 1/2
NAVIR	—	—	—
Speckrode	44 1/2	44 1/2	44 1/2

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# South America Seeks Economic Remedy

## As Traditional Formulas Fail, Indebted Nations Search for New Panaceas

By Bradley Graham

Washington Post Service

BUENOS AIRES — Not since shortly after World War II, when South America looked for a development model it could call its own, has this continent been in such an animated state of economic debate and invention.

Driven by the failure of traditional formulas to cure inflation and other chronic ills, some of the region's most indebted nations are desperately searching for new panaceas.

In the past two years, they have tried freezing wages and prices, introduced new currencies, suspended foreign debt payments and applied other unconventional measures to break upward spirals in living costs and restore economic order without stunting growth.

Hinging on the outcome of this effort are the popularity and credibility of the new-wave democracies.

No lasting, politically acceptable programs have been found. The most innovative, those tested in Argentina, Brazil and Peru, have gone from promise to disillusion and induced at least a partial return to more orthodox remedies.

"The nations of the region are trying to do their own thing, just as they did in the 1930s," said Rudiger Dornbusch, an economist at the Massachusetts Institute of Technology and an expert on Latin America.

Back then, many adopted the "import substitution approach to domestic industrialization," he said, creating and protecting domestic industries to produce goods that otherwise would be imported. That approach resulted in big inefficiencies, since the protected industries usually faced no competition and often required huge government subsidies.

Now, Mr. Dornbusch said, these countries are searching for a different development model. "They have learned quickly that it isn't easy," he said.

Since the onset of the debt crisis in 1982, Latin America has experienced little or no growth, lower standards of living, higher unemployment, depressed levels of investment and reduced foreign trade.

Through the collective output of the region, did increase 3.8 percent last year, it grew only

1.4 percent on a per capita basis and has yet to catch up with the 1980 level.

Public patience is wearing thin. As the Inter-American Development Bank waded in its report, "deep social conflicts in various countries have been emerging that threaten both political and economic development."

Political pressures to improve living standards have made many democratic politicians hesitant to order the spending cuts and consumption constraints advocated by the International Monetary Fund and other lenders.

At the same time, faith in miracle cures has

stagnated. Moreover, the reward for enforcing IMF-style austerity was supposed to have been an eventual reopening of international credit lines. Yet by 1985, foreign banks were offering little more than was necessary to keep old loans technically out of default.

Argentina's Austral Plan, launched in June 1985; Brazil's Cruzado Plan, introduced eight months later, and Peru's plan, which took shape during those months, marked a new direction.

In contrast with the IMF's focus on dampening excess demand, the innovative South American plans aimed at cracking public expectations that prices and wages would go on rising.

Prices were frozen — Argentina also froze wages — and new national currencies were introduced to replace worthless ones. Peru, attempting to gain extra financial maneuvering room, limited foreign debt servicing to 10 percent of export revenue.

The shock packages were as much a political as an economic answer to the crises confronting presidents Raúl Alfonsín of Argentina, José Sarney of Brazil and Alan García Pérez of Peru.

The programs scored spectacular successes at first. Annual inflation rates fell sharply, landing between 60 percent and 80 percent in 1986, considered moderate for South America. Gross domestic product surged, in per capita terms, to between 4.5 percent and 6 percent.

All three national plans, though, shared a shortcoming: They failed in later stages to attack structural deficiencies in their economies, doing little to guard against inflation's resurgence. Brazil let its fiscal deficit gap, Argentina's never managed to secure the opening of the economy and reform of the public sector. Peru watched its informal business sector expand.

Meanwhile, though the most important South American leaders are still against accepting purely orthodox formulas, orthodox measures are being embraced in the absence of workable alternatives.

In Brazil, for instance, the latest stabilization program calls for government spending cuts, higher taxes and economic growth led by increased exports. A devaluation of the cruzado has spurred exports, restoring a large trade surplus.

**'Deep social conflicts have been emerging that threaten political and economic development,' the Inter-American Development Bank said.**

faded after the novel anti-inflation plans of Argentina, Brazil and Peru gave way this year to triple-digit annual inflation rates.

Throughout South America, the economic catchword of the day has become "heterodoxy," a term encompassing just about any home-grown remedy that differs from the orthodox measures prescribed by the IMF.

The starting point remains the taming of inflation. Debt servicing now accounts for about one-third of public expenditures in the region. This means larger fiscal deficits, which in turn fuel excess demand and spur inflation.

After the debt crisis broke five years ago, Latin American nations turned initially to the IMF for advice and short-term financing. The orthodox measures recommended by the fund included budget cutbacks to reduce government spending, higher interest rates to encourage saving and dampen consumer spending, and devaluations to cheapen the price of exports and spur sales abroad.

But inflation persisted, even while output



Raúl Alfonsín

## Ecuador Seeks To Extend Loan For Oil Exports

Reviewers

NEW YORK — Ecuador, seeking breathing space while it renegotiates the terms of its \$8.16 billion foreign debt, wants to extend the maturity of an 18-month loan it signed last October to finance oil exports, according to bankers.

They said that Banque Paribas, which arranged the \$220 million facility, has already won the approval of about 45 of the 52 participating banks to extend the credit by three months.

Ecuador wants the extension because an earthquake on March 5 ruptured a pipeline, halting oil shipments for nearly six months and preventing it from fully utilizing the loan.

The Paribas deal is one of the few voluntary loans since the Latin debt crisis began in 1982 and could serve as a model.

## IMF: Low Expectations for Meeting

(Continued from first finance page)

ries, or the spring of 1988, at the earliest. A leading possibility to succeed Mr. Baker would be Deputy Secretary of State John Whitehead, insiders say.

A highlight of the 42nd annual meeting of the Bank and IMF is expected to be the address of the World Bank president, Barber B. Conable Jr., who will seek to put to rest the charge that the bank's performance has been damaged by a reorganization that created staff morale problems. Mr. Conable plans to stress the need for renewed global economic growth and a boost in the bank's capital.

Even though the general backdrop for the meetings is the weak economic performance during the past year, the senior administration official indicated that the United States will offer an upbeat economic assessment, rejecting "Armageddon projections" of a global collapse or depression.

He said that he and his counterparts in the other G-7 countries are "extremely pleased" with the progress already made in formulating a plan by which they attempt to assure that their economies, as measured by a few major indicators, are living up to expectations.

In last week's speech, Mr. Baker, who has been instrumental in devising the proposed system of indicators, said that the Group of Seven had developed "a process, a political mechanism" that provides a basis for economic policy coordination. He argued that through that process, the world has enjoyed stable exchange rates most of this year.

But some of the debate next week, especially in private conversations, will focus on the question of whether the surveillance mechanism is strong enough to prevent a further substantial decline in the dollar, or whether a more appropriate

policy might be to seek stability for the dollar at a much lower level in order to reduce the trade deficit.

Mr. Baker's position is that the worst is over for U.S. merchandise trade, despite the record deficit of \$16.5 billion in July. Rising prices, the United States contends, disguise the fact that the deficit in volume terms has already begun to shrink. Japanese figures confirm the trend, showing a decline in their trade surplus globally and with the United States.

Mr. Baker acknowledged in his speech that the surveillance system is not yet fully effective.

"We need a little more discipline" in the system, he said. "We don't get there overnight, and we are a heck of a lot better off today than we were a year and a half or two years ago, when I can promise you, we didn't have meaningful meetings."

Officials of all countries privately agree that although they will go through the process next week of analyzing economic performance of the major countries against detailed forecasts prepared with the help of the IMF staff, the exercise will not produce an automatic commitment to act.

"While the indicators exercise would pick up a shortfall in German economic growth," the Reagan administration official said, "we're not going to push them for additional measures until we can demonstrate a commitment to performance ourselves."

Privately, American officials concede that Japan's performance "hasn't been all that bad," and express hope "there will be no backsliding." They are frustrated by West Germany's refusal, given the weakness in Germany's economic growth, to go beyond the tax cut already scheduled.

## Venezuela Signs New Debt Terms, Bankers Report

Reviewers

NEW YORK — Venezuela and its 13-bank advisory committee have signed agreements relating the terms on \$20.3 billion of the country's foreign commercial bank debt, according to two bankers on the panel.

A spokesman for Chase Manhattan Corp., the chairman of the committee, was not available. Officials from Venezuela's other 450 foreign bank creditors will sign the pact this week, the bankers said Friday.

The agreement, which was reached in principle in February, stretches out the repayment schedule to 14 years from 12½ and lowers the interest rate to 10 percent above the benchmark London interbank offered rate, from 14 percent.

Venezuela has total foreign debt of about \$33 billion.

Through the collective output of the region, did increase 3.8 percent last year, it grew only

## Mutual Funds

Plumes as at close of trading Friday Sept. 18

NEW YORK (AP) — The following securities, as reported by the Investment Company Institute, were among the top 100 mutual funds in the U.S. as of Sept. 18.

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## SINGLETON: How a Young Texan Turned a Dream Into a News Empire

(Continued from first finance page)

bized \$355 million purchase price represents debt.

But Mr. Singleton is unimpressed. He has a personable confidence in what he calls his "cellar instinct."

Despite his professional interest in quality, his management code dictates that profitability comes first — a lesson, he says, he learned the hard way.

Mr. Singleton grew up in the town of Graham, Texas. His father worked the oil rigs and money was usually tight.

Mr. Singleton's deal-making talents were apparent at a young age. At 8, he sold mail-order Christmas cards door-to-door. He remembers laboriously drafting a letter to Chevrolet Card Co. in Scarsdale, New York, to persuade the company to extend him credit. It did.

At 14, he took a part-time job in the mailroom of The Graham News, one of the town's two twice-weekly papers. Soon he was covering sports and city hall.

The papers in town he most admired was Edward B. Harris, publisher of the rival Graham Leader. Often, after finishing work at The News, Mr. Singleton would go to the Leader and talk for hours with Mr. Harris about his ambition to own a newspaper. (He bought The Leader from Mr. Harris last year.)

After three years at three different colleges, when he also worked full time at several newspapers, Mr. Singleton quit school to become a copy editor at The Dallas Morning News, now his bitter rival.

While there, Mr. Singleton, then 21, was approached by Edwin M. Eakin, who invited him to run a weekly paper he wanted to start in the small town of Clarendon, Mr. Eakin and his partner put up the \$2,000 to finance the paper, and Mr. Singleton was offered full ownership. He accepted, and the first issue was printed in May 1972.

Within three years, Mr. Singleton had put Clarendon's other paper out of business and had acquired a few other small papers with his partners putting up the money. He also embarked on a venture that changed his life.

In August 1975, with different partners providing the cash, Mr. Singleton tried to revive The Fort Worth Press, an afternoon tabloid recently closed. He restarted it as a morning broadsheet, but within

two months the directors had ousted him as publisher in favor of his general manager, an older man. On Nov. 5, the paper closed. "I had personally signed a lot of bank notes, and had to sell everything I had," Mr. Singleton said.

The experience taught him what he considers to be the fundamental lesson of newspaper publishing: "If you don't have a solid profit base, all else is meaningless."

He nonetheless went looking for another paper to buy, and he found one in Westfield, Massachusetts. Joseph L. Albrighton, the entrepreneur who then owned The Westfield Star, was also interested in the paper. The men struck a deal: Mr. Albrighton would buy the paper and Mr. Singleton would run it.

During the next eight years, Mr. Singleton became the hungry and

Mr. Scudder lent the new company \$2.5 million, and put up \$300,000 for his 60 percent equity of the company. He also lent Mr. Singleton the \$200,000 he needed to acquire his 40 percent stake. Neither man has ever had to put any more personal money into the business, according to Mr. Scudder.

The company borrowed the rest of the \$10.5 million for The Times from Rhode Island Hospital Trust, a Providence bank later acquired by the Bank of Boston. The two banks have remained the principal lenders to the chain.

Mr. Singleton quickly demonstrated that he could run his own daily. "In two years, The Gloucester Times tripled its cash flow," to about \$2.5 million, Mr. Scudder said. The new partnership quickly acquired several other papers.

"I want to die and at the funeral have a lot of people stand around and say, 'Dean Singleton built a hell of a newspaper company.'"

apt student of Mr. Albrighton, acquiring other papers for him.

"He was tough, tough as nails, but a gentleman," and superb at figuring out creative deals, Mr. Singleton said.

It was during this time that Mr. Singleton began to earn a reputation as a henchman for Mr. Albrighton and a union-buster. When production unions struck the Albrighton paper in Paterson, New Jersey, Mr. Singleton replaced them with non-union workers. Later, at The Trenton (New Jersey) Times, which Albrighton Communications bought in 1981, he slashed the staff by a third.

To compete better with the Trenton, the town's leading paper, Mr. Singleton went beyond job cuts, ordering lots of short articles, flashier design and a local focus. Soon, he was back to profits.

By 1983, Mr. Singleton was itching to own papers himself, and when Mr. Albrighton declined to make him a partner, he forged an alliance with Mr. Scudder.

Mr. Scudder, who had sold a family-owned paper and a paper company to Media General in 1970, had some cash. In late 1983, he and Mr. Singleton formed Gloucester County Times Inc. and acquired The Gloucester County Times, a small daily in Woodbury, New Jersey.

no interest or principal to be paid for four years, a source said.

Times Mirror agreed to similarly generous terms in its agreement to sell The Denver Post for \$95 million, but this time Media General was a partner. It provided \$25 million to Garden State, to be used for the down payment, with Times Mirror financing the rest.

Mr. Scudder and Mr. Singleton will acquire The Houston Post from Toronto Sun Publishing Co. through Gloucester Times, financing nearly all of the \$150 million price with bank debt.

The Toronto Sun had sought bids for The Post, and accepted Mr. Singleton's proposal. His proposal did not call for the most money cash — instead, Mr. Singleton agreed to pay the Post's owners a sum equivalent to 1.25 times the increase in annual revenues in 1992 over that of 1987.

"Pretty creative, wasn't it?" Mr. Singleton said, with delight.

Mr. Singleton says there is still more than enough money to pay the interest on the loans. Mr. Morton estimates Media News's annual cash flow, the money available to pay down the debt, at \$80 million to \$90 million. Mr. Singleton says the company's cash flow-to-debt ratio will remain near its present level of between 5-to-1 and 6-to-1.

But Mr. Singleton still has to make his No. 2 papers successful.

In Dallas, he commissioned a survey and decided that The Times Herald was too stodgy. At Mr. Singleton's direction, the new Times Herald has tried to become "more warm and fuzzy," according to its new editor, David Burgh, with a "heavy dose of stories that are emotional, practical and analytical."

Mr. Singleton cut the news staff to about 250 from 320, and eliminated four bureaus. The Sunday magazine also went. And the paper is again profitable.

The Times Herald still dramatically trails The Morning News in advertising and circulation.

At The Houston Post, which is profitable, Mr. Singleton has a sophisticated printing facility and the morning slot, but his rival, The Houston Chronicle, has a big advertising and circulation lead.

The Denver Post leads The Rocky Mountain News in Sunday circulation, but trails during the week.

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## SPORTS

## Brewers Defeat Tigers, Trimming Lead in AL East

Twins 3, Indians 2: In Minneapolis, Kirby Puckett hit a two-run homer, and Les Straker allowed six hits in six innings, pacing the Twins, leaders in the AL West, over Cleveland. Puckett also doubled.

Straker struck out four and walked two before he was relieved by Juan Berenguer. Jeff Reardon pitched the ninth for his 28th save.

Red Sox 5, Orioles 1: In Baltimore, Roger Clemens earned his 17th victory with a three-hitter, and Dwight Gooden hit his 34th home run as Boston downed the Orioles in the opener of a double-header.

## SUNDAY BASEBALL

Evans hit a three-run homer in the eighth, and rookie Sam Horn hit a solo shot, his 11th. The Orioles, who have lost 11 of 12, scored an unearned run in the fifth.

Cardinals 10, Cubs 2: In the National League, St. Louis, Missouri, John Morris drove in a career-high four runs with two singles and an infield out and Vince Coleman knocked in three, leading the Cardinals to victory over Chicago. The Cardinals remain the leaders in the National League East.

Right-hander Bob Forsch (11-5) weathered Andre Dawson's two-run homer in the first to win for the first time in six starts since Aug. 10. Forsch, 37, allowed three hits and struck out eight before leaving with two outs in the sixth because of a strained groin. Dawson's homer was his 45th, the most in the National League.

Phillies 4, Expos 1: In Montreal, Kevin Gross homered and pitched a five-hitter through 7½ innings, and Mike Schmidt set a record for home runs by a third baseman as Philadelphia downed the Expos. Schmidt hit a two-run homer in the eighth, giving him 526 for his career and 487 as a third baseman, one more than Eddie Matthews. Gross (9-14) struck out seven and walked three as he won for the first time since Aug. 15.

Astros 3, Padres 2: In Houston, pinch-hitter Jim Pankovits lined a bases-loaded single to left in the ninth, giving the Astros the victory over San Diego. The defeat snapped a five-game winning streak for the Padres and a four-game losing streak for the Astros. Houston scored its first two runs with the help of infield throwing errors. (AP, UPI)

## Giants Widen Lead but Lose Youngblood for Year

Compiled by Our Staff From Dispatches

SAN FRANCISCO — A season-ending injury suffered by the veteran utility man Joel Youngblood placed a damper on the San Francisco Giants' enthusiasm after a 5-1 victory Saturday over the Cincinnati Reds.

The Giants' seventh consecutive victory, their longest winning streak since 1962, dropped their record to 47-47.

Left-fielder Kirk Gibson misplayed B.J. Surhoff's fly ball to open Milwaukee's four-run second inning. Two outs later, Surhoff hit his 23rd homer, Milwaukee's 10th, and Yount hit his 18th homer.

Nieves hit Mike Heath to start the third and Gibson beat out a bunt single two outs later. Alan Trammell walked to load the bases and Larry Herndon lined a two-run single to center to make it 5-2.

Molitor hit his 14th home run, leading off the fifth inning, to give the Brewers a 6-2 lead.

The Brewers added four more runs off reliever Eric King in the seventh. Greg Brock doubled with two out, Rob Deer walked and Surhoff doubled both home. Schroeder hit his 13th home run to increase Milwaukee's lead to 10-2.

Briggs led off the ninth with his 13th homer.

Gibson hit his 22d homer to open the eighth. Trammell followed with a single, went to third on a single by pinch hitter John Grubb and scored when Jim Morrison bunted and was thrown out at first.

Blue Jays 6, Yankees 2: In New York, George Bell, Nelson Lirio and Willie Upshaw homered as Toronto moved within half a game of Detroit with a split of the four-game series. Bell's homer was his 46th, tying him with Mark McGwire of Oakland for the lead in the major leagues.

Toronto's manager, Jimmy Williams, played the final three games of the series under protest because of field conditions at Yankee Stadium, torn up a week ago Saturday night by a college football game played in the rain.

and braced himself against the wall with his wrist.

"I won't do me any good to be depressed," Youngblood said. "We've got a world championship to bring to San Francisco. I'm not going to hang my head. I've got to keep everybody else going."

Kal Daniels opened the game with his 24th homer, but Cincinnati couldn't score again despite 10 hits.

Expos 12, Phillies 4: In Montreal, Keith Hernandez capped a five-run fifth with his sixth career grand slam, giving New York its victory.

Tigers 5, Brewers 2: In the American League, in Detroit, Chet Lemon and Darrell Evans homered, and Doyle Alexander won his seventh consecutive game. Alexander extended his string of scoreless innings to 28 before Milwaukee scored twice in the ninth.

Athletics 9, Royals 5: In Kansas City, Missouri, Mark McGwire drove in three runs with his 46th

home run and a single, and

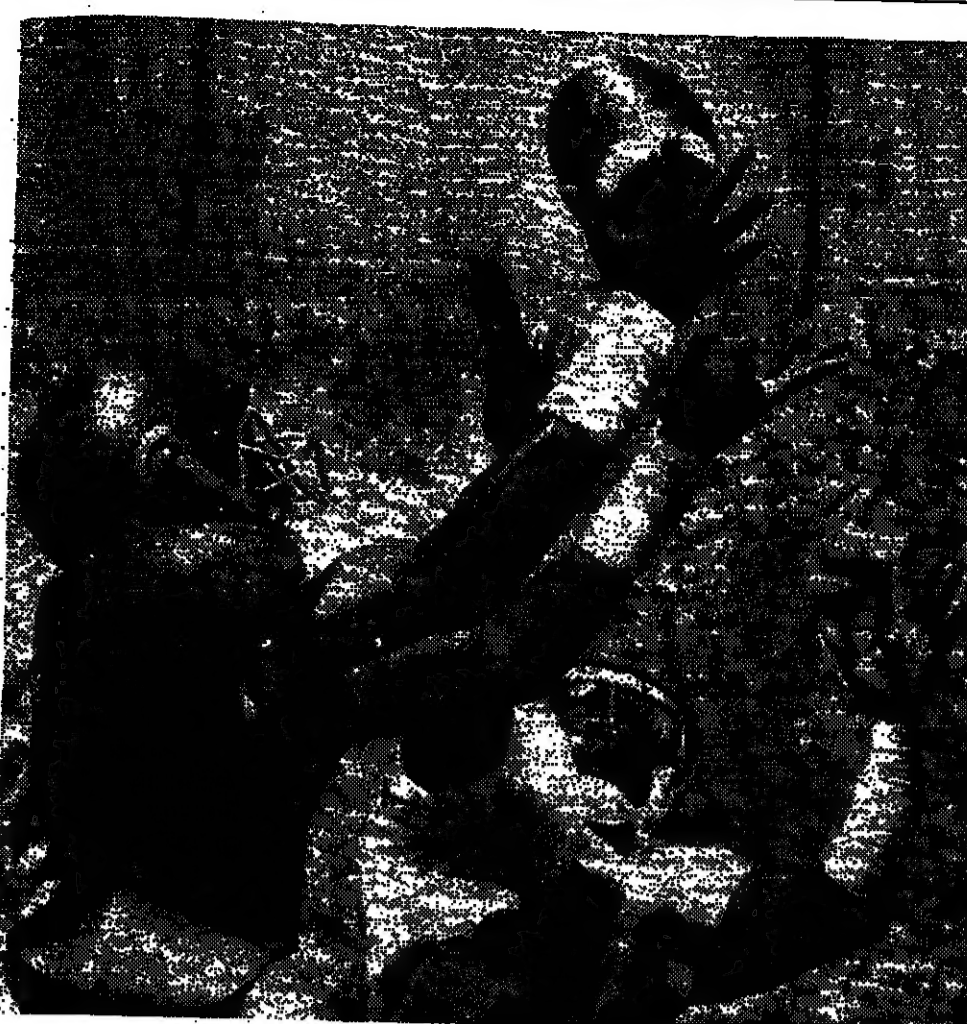
Dwayne Murphy also collected three RBIs to spark Oakland.

Rangers 4, Angels 3: In Arlington, Texas, Scott Fletcher singled with one out in the 10th to score Bob Brower from second base.

Yankees 4, Blue Jays 2: In New York, Rickie Henderson led off the first with a homer and hit a tie-breaking single in the seventh, and Bill Guillard won his 10th career game as the Yankees beat Toronto.

Twins 3, Indians 1: In Minneapolis, Greg Gagne and Gary Gaetti homered, and Frank Viola allowed six hits over seven innings, leading Minnesota over Cleveland.

White Sox 10, Mariners 8: In Chicago, Ozzie Guillen hit a two-run homer, only the fifth of his major-league career, with one out in the eighth to put the White Sox past Seattle. (AP, UPI)



Ken Henry, here outreaching Gerrick McPhearson, made six receptions for 120 yards and one touchdown to help Southern Cal down Boston College, 23-17, Saturday in Los Angeles.

## Falcons Edge Redskins in Final Quarter

The Associated Press

ATLANTA — Scott Campbell passed for two touchdowns Sunday in his first start for Atlanta and Gerald Riggs scored on a 4-yard run with 6:47 remaining as the Falcons upset the Washington Redskins, 21-20, in National Football League play.

The victory margin came as a result of a botched extra point try after the Redskins' second touch-

down; a bouncing snap by Darryl Grant couldn't be handled by the holder Eric Yarber.

Campbell, elevated to the starting spot after David Archer failed to generate any offense in a 48-10 loss at Tampa Bay last week, completed 17 of 35 passes for 271 yards.

Doug Williams, the seven-year pro pressed into service last week when Redskins starter Jay Schroeder was sidelined with a shoulder injury, completed 18 of 30 passes for 198 yards.

Both teams have 1-1 records with the NFL facing a strike after Monday night's game.

Bears 20, Bears 3: In Chicago, Walter Payton and Neal Anderson, the old and new of the Chicago backfield, each rushed for a touchdown, and Payton caught a 9-yard pass for another score to lead the Bears over Tampa Bay. Payton's touchdown, a 4-yard drive, gave the 33-year-old veteran a record 107th rushing touchdown, breaking a tie with Jim Brown.

Dolphins 23, Colts 16: In Indianapolis, Dan Marino's mastery of the Colts continued with 254 yards and three touchdowns passes as Miami triumphed over the Colts. Marino, who has never lost to the Colts, twice victimized rookie safety Freddie Robinson, who missed tackles at the Indianapolis 15- and 2-yard lines which allowed the Dolphins to score. The Dolphins haven't lost to the Colts since 1980.

Eagles 27, Saints 17: In Philadelphia, Randall Cunningham threw two touchdowns passes and the defense intercepted three passes, made three sacks and recovered two fumbles as the Eagles rallied for a victory over New Orleans.

Browns 24, Steelers 10: In Cleveland, a bizarre interception by Mike Johnson set up an 11-yard tie-breaking pass, and Clay Matthews returned an interception 26 yards for his first career touchdown as the Browns defeated Pittsburgh. Johnson intercepted a pass at the Pittsburgh 23-yard line when Louis Lipe dropped the pass but kicked it before it hit the ground.

Compiled by Our Staff From Dispatches

BIRMINGHAM, Alabama — Freshman Emmitt Smith broke a 57-year school record in helping Florida knock Alabama from the unbeaten ranks on Saturday.

Smith rushed for 224 yards on 39 carries — both school records — and scored two touchdowns to lift Florida to a 23-14 upset over the Crimson Tide.

"This was the third game and we did it without any mistakes," said Smith, who played sparingly against Miami in the season opener. "I played a lot looser today than I did in Miami. I was just ready to play. As long as the job gets done, I don't care who gets the record. The record I set today was due to the blocking up front."

Bobby Humphrey, who set an Alabama rushing record with 1,471 yards last year and gained 220 a week ago against Penn State, ran for 73 yards in 19 carries against a grudging defense that registered six sacks.

Smith topped Florida's single-game rushing record of 218 yards set by Red Betha against Chicago in 1930. Neal Anderson, currently playing for the Chicago Bears, held the previous school mark for carries with 33 against Kentucky in 1982.

Ohio State 24, Oregon 14: In Columbus, Ohio, Vince Workman rushed for 162 yards and Tom Tupa threw two third-quarter touchdown passes to lift Ohio State. Tupa hit tight end Jay Koch with a 4-yard scoring pass with 4:29 left in the period and added a 19-yard TD pass to fullback George Cooper 74 seconds later.

Clemson 21, Georgia 20: In Clemson, South Carolina, David Treadwell kicked four field goals, including the game-winner from 21 yards with two seconds left, to lift Clemson. Treadwell's final field goal, his 10th in three games, was set up after the Tigers, 3-0, had cut the Georgia lead to 20-18 on a safety with 5:38 to play.

Arkansas 30, Tulsa 15: In Fayetteville, Arkansas, freshman Quinn Groves, a surprise starter at quarterback, ran for 81 yards to spark Arkansas to its 11th consecutive victory. Groves, who started for the injured Greg Thomas, scrambled for first down three times on third-and-long situations as the Razorbacks built a 20-0 halftime lead.

Southern Cal 23, Boston College 17: In Los Angeles, Rodney Pese threw touchdown passes of 53 yards to Ken Henry and 51 yards to John Jackson, helping Southern Cal and Boston College's 10-game winning streak. Steve Webster ran 24 times for 119 yards and linebacker Delmar Chesley tackled Boston's quarterback, Mike Power,

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Bobby Humphrey, who set an Alabama rushing record with 1,471 yards last year and gained 220 a week ago against Penn State, ran for 73 yards in 19 carries against a grudging defense that registered six sacks.

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Ohio State 24, Oregon 14: In Columbus, Ohio, Vince Workman rushed for 162 yards and Tom Tupa threw two third-quarter touchdown passes to lift Ohio State. Tupa hit tight end Jay Koch with a 4-yard scoring pass with 4:29 left in the period and added a 19-yard TD pass to fullback George Cooper 74 seconds later.

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Arkansas 30, Tulsa 15: In Fayetteville, Arkansas, freshman Quinn Groves, a surprise starter at quarterback, ran for 81 yards to spark Arkansas to its 11th consecutive victory. Groves, who started for the injured Greg Thomas, scrambled for first down three times on third-and-long situations as the Razorbacks built a 20-0 halftime lead.

Southern Cal 23, Boston College 17: In Los Angeles, Rodney Pese threw touchdown passes of 53 yards to Ken Henry and 51 yards to John Jackson, helping Southern Cal and Boston College's 10-game winning streak. Steve Webster ran 24 times for 119 yards and linebacker Delmar Chesley tackled Boston's quarterback, Mike Power,

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